

**Item 1: Cover Page**  
**Part 2A of Form ADV: Firm Brochure**  
**February 2018**

**Sage Capital Management LLC**  
**1384 Broadway, Suite 602**  
**New York, NY 10018**  
**[www.SageNY.com](http://www.SageNY.com)**

**Firm Contact:**  
**Lawrence C. Busch**  
**Chief Compliance Officer**

This brochure provides information about the qualifications and business practices of Sage Capital Management LLC. If you have any questions about the contents of this brochure, please contact us by telephone at (212) 584-4110 or email [Advisor@Sageny.com](mailto:Advisor@Sageny.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 Capital Management LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching CRD #108547.

Please note that the use of the term "registered investment adviser" and description of Sage Capital Management, LLC and/or our associates as "registered" does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firm's associates who advise you for more information on the qualifications of our firm and our employees.

## Item 2: Material Changes

Sage Capital Management LLC is required to advise you of any material changes to our Firm Brochure (“Brochure”) from our last annual update, identify those changes on the cover page of our Brochure or on the page immediately following the cover page, or in a separate communication accompanying our Brochure.

Since the last amendment filed on **11/30/2017**, we have had no material changes to report.

## Item 3: Table of Contents

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## Item 4: Advisory Business.

Our firm is dedicated to providing individuals and other types of clients with a wide array of investment advisory services. Our firm is a limited liability company formed under the laws of the State of New York in 1999 and has been in business as an investment adviser since that time. Our firm is owned by Lawrence C. Busch (90%) and Howard Gottlieb (10%).

The purpose of this Brochure is to disclose the conflicts of interest associated with the investment transactions, compensation and any other matters related to investment decisions made by our firm or its representatives. As a fiduciary it is our duty to always act in the client's best interest. This is accomplished in part by knowing the client. Our firm has established a service-oriented advisory practice with open lines of communication. Working with clients to understand their investment objectives while educating them about our process, facilitates the kind of working relationship we value.

### Types of Advisory Services Offered.

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#### **Asset Management.**

We emphasize continuous and regular account supervision. As part of our asset management service, we generally create a portfolio, consisting of individual stocks or bonds, exchange traded funds ("ETFs"), closed end mutual funds, mutual funds and other public and private securities or investments. The client's individual investment strategy is tailored to their specific needs and may include some or all of the previously mentioned securities. Each portfolio will be initially designed to meet a particular investment goal, which we determine to be suitable to the client's circumstances. Once the appropriate portfolio has been determined, we review the portfolio at least quarterly and if necessary, rebalance the portfolio based upon the client's individual needs, stated goals and objectives. A written evaluation of each client's initial situation is provided to the client, often in the form of a net worth statement. Periodic reviews are also communicated to provide reminders of the specific courses of action that need to be taken. More frequent reviews occur but are not necessarily communicated to the client unless immediate changes are recommended.

We may utilize Sub-Advised Accounts, where we design an investment portfolio on a fee-only basis for a percentage of assets in conjunction with another investment advisory firm. Before selecting other advisers, we make sure that the other advisers are properly licensed or registered.

## **Financial Planning & Consulting.**

We provide a variety of financial planning and consulting services to individuals, families and other clients regarding the management of their financial resources based upon an analysis of the client's current situation, goals, and objectives.

Other professionals (e.g., lawyers, accountants, insurance agents, etc.) are engaged directly by the client on an as-needed basis. Conflicts of interest will be disclosed to the client in the unlikely event they should occur.

## **Sub-Advised Accounts.**

We provide clients with a list of investment advisory services of third party professional Portfolio Management firms for the individual management of client accounts. As part of this process, we assist clients in identifying an appropriate sub-advisor. We provide initial due diligence on sub-advisors and ongoing reviews of their management of your account.

In order to assist clients in the selection of a sub-advisor, we typically gather information from the client about their financial situation, investment objectives, and reasonable restrictions they can impose on the management of the account, which are often very limited. It is important to note that we do not offer advice on any specific securities or other investments in connection with this service. Investment advice and trading of securities is only offered by or through the third party money managers to clients.

We periodically review sub-advisors reports provided to the client, but no less often than on an annual basis. Our associates contact the clients from time to time, as agreed to with the client, in order to review their financial situation and objectives; communicate information to third party money managers as warranted; and, assist the client in understanding and evaluating the services provided by the third party money manager. The client will be expected to notify us of any changes in his/her financial situation, investment objectives, or account restrictions that could affect their account. The client may also directly contact the sub-advisor managing the account or sponsoring the program.

## **Tailoring of Advisory Services.**

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We offer individualized investment advice to clients utilizing our Asset Management service. General investment advice will be offered to our Financial Planning & Consulting clients.

Each Asset Management client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio. Restrictions on investments in certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account.

### Participation in Wrap Fee Programs.

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We do not offer or sponsor a wrap fee program.

### Regulatory Assets Under Management.

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As of **December 31, 2017**, we manage \$250,807,206 on a discretionary basis and \$75,848,992 on a non-discretionary basis.

## Item 5: Fees & Compensation

### Compensation for Our Advisory Services.

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#### Asset Management.

| Assets Under Management | Annual Percentage of Assets Charge |
|-------------------------|------------------------------------|
| Any Assets              | Up to 1.25%                        |

Individual fees are comprised of the percentage of total assets under management of a client's aggregate portfolio. The ultimate fee breakdown will be detailed in the signed Asset Management Agreement.

Our firm's annualized fees are billed on a pro-rata basis quarterly in arrears based on the average daily balance of your account or on the average account balance of the last day of the previous quarter and the last day of the current quarter depending on your custodian. Fees are negotiable and will be deducted from your account. In some cases, we will agree to direct bill clients.

Clients can elect to be billed on a flat fee for asset management services. The flat fee shall be negotiated between the adviser and client not to exceed 1.25%.

The total fees charged by Sage Capital Management do not reflect the advisory fees charged by Sub-Advisors. Clients enrolled in Sub-Advised accounts will be billed according to a separate advisory agreement which may exceed 1.25%.

Fees will generally be deducted from your account. As part of this process, the client is made aware of the following:

- Your independent custodian sends statements at least quarterly to you showing the market values for each security included in the Assets and all disbursements in your account including the amount of the advisory fees paid to us;
- You provide authorization permitting us to be directly paid by these terms. Debit fees directly to the custodian; and
- We send a copy of our invoice to you, it will include a legend urging you to compare information provided in our statement with those from the qualified custodian.

### **Financial Planning & Consulting.**

Our firm charges on an hourly basis for financial planning and consulting services. The total estimated fee, as well as the ultimate fee charged, is based on the scope and complexity of our engagement you. The maximum hourly fee to be charged will not exceed \$500.

Clients will be invoiced quarterly for financial planning and consulting services.

In all cases, we will not require a retainer exceeding \$1,200 when services cannot be rendered within 6 (six) months.

### **Sub-Advised Accounts.**

Clients enrolled in sub-advisory services will be billed according to a separate signed agreement with the adviser providing services.

The separate written disclosures you need to be provided include: a copy of the sub-advisor's Form ADV Part 2, all relevant Brochures, a solicitation disclosure statement detailing the fees we are paid and a copy of the third-party money manager's privacy policy. The sub-advisors we recommend will not charge you a higher fee than they would have charged without our introduction.

Sub-advisors establish and maintain their own separate billing processes over which we have no control. In general, they will bill you and describe how this works in their separate written disclosure documents.

## Other Types of Fees & Expenses.

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Clients will incur transaction charges for trades executed in their accounts. These transaction fees are separate from our fees and will be disclosed by the firm that the trades are executed through. Also, clients will pay the following separately incurred expenses, which we do not receive any part of: charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses).

## Termination & Refunds.

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Either party may terminate the advisory agreement signed with our firm for **Asset Management** services in writing at any time. Upon notice of termination pro-rata advisory fees for services rendered to the point of termination will be charged. If advisory fees cannot be deducted, our firm will send an invoice for due advisory fees to the client.

**Financial Planning & Consulting** clients may terminate their agreement at any time before the delivery of a financial plan by providing written notice. For purposes of calculating refunds, all work performed by us up to the point of termination shall be calculated at the hourly fee currently in effect. Clients will receive a pro-rata refund of unearned fees based on the time and effort expended by our firm.

## Commissionable Securities Sales.

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We do not sell securities for a commission in our advisory accounts.

## Item 6: Performance-Based Fees & Side-By-Side Management

We do not charge performance-based fees.

## Item 7: Types of Clients & Account Requirements

We have the following types of clients:

- Individuals and High Net Worth Individuals;
- Trusts, Estates or Charitable Organizations;
- Pension, 401(k) and Profit Sharing Plans;



- Corporations, Limited Liability Companies and/or Other Business Types

We do not impose requirements for opening and maintaining accounts or otherwise engaging us.

## Item 8: Methods of Analysis, Investment Strategies & Risk of Loss

### Methods of Analysis.

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We use the following methods of analysis in formulating our investment advice and/or managing client assets:

- **Charting:** In this type of technical analysis, our firm reviews charts of market and security activity in an attempt to identify when the market is moving up or down and to predict when how long the trend may last and when that trend might reverse.
- **Cyclical:** Statistical analysis of specific events occurring at a sufficient number of relatively predictable intervals that they can be forecasted into the future. Cyclical analysis asserts that cyclical forces drive price movements in the financial markets. Risks include that cycles may invert or disappear and there is no expectation that this type of analysis will pinpoint turning points, instead be used in conjunction with other methods of analysis.
- **Fundamental:** The analysis of a business's financial statements (usually to analyze the business's assets, liabilities, and earnings), health, and its competitors and markets. When analyzing a stock, futures contract, or currency using fundamental analysis there are two basic approaches one can use: bottom up analysis and top down analysis. The terms are used to distinguish such analysis from other types of investment analysis, such as quantitative and technical. Fundamental analysis is performed on historical and present data, but with the goal of making financial forecasts. There are several possible objectives: (a) to conduct a company stock valuation and predict its probable price evolution; (b) to make a projection on its business performance; (c) to evaluate its management and make internal business decisions; (d) and/or to calculate its credit risk.; and (e) to find out the intrinsic value of the share.

When the objective of the analysis is to determine what stock to buy and at what price, there are two basic methodologies investors rely upon: (a) Fundamental analysis maintains that markets may misprice a security in the short run but that the "correct" price will eventually be reached. Profits can be made by purchasing the mispriced security and then waiting for the market to recognize its "mistake" and reprice the security.; and (b) Technical analysis maintains that all information is reflected already in the price of a security. Technical analysts analyze trends and believe that sentiment changes predate and predict trend changes. Investors'

emotional responses to price movements lead to recognizable price chart patterns. Technical analysts also analyze historical trends to predict future price movement. Investors can use one or both of these different but complementary methods for stock picking. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

- **Technical:** A security analysis methodology for forecasting the direction of prices through the study of past market data, primarily price and volume. A fundamental principle of technical analysis is that a market's price reflects all relevant information, so their analysis looks at the history of a security's trading pattern rather than external drivers such as economic, fundamental and news events. Therefore, price action tends to repeat itself due to investors collectively tending toward patterned behavior – hence technical analysis focuses on identifiable trends and conditions. Technical analysts also widely use market indicators of many sorts, some of which are mathematical transformations of price, often including up and down volume, advance/decline data and other inputs. These indicators are used to help assess whether an asset is trending, and if it is, the probability of its direction and of continuation. Technicians also look for relationships between price/volume indices and market indicators. Technical analysis employs models and trading rules based on price and volume transformations, such as the relative strength index, moving averages, regressions, inter-market and intra-market price correlations, business cycles, stock market cycles or, classically, through recognition of chart patterns. Technical analysis is widely used among traders and financial professionals and is very often used by active day traders, market makers and pit traders. The risk associated with this type of analysis is that analysts use subjective judgment to decide which pattern(s) a particular instrument reflects at a given time and what the interpretation of that pattern should be.

Ongoing sources of information include meetings with portfolio managers and analysts of investment firms.

Other main sources of information include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

Other sources of information that Sage may use include Morningstar Principia mutual fund, stock information, closed-end and ETF, Advisor Intelligence, the World Wide Web, as well as, research provided by investment firms.

## Investment Strategies & Asset Classes

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The primary investment strategy used on client accounts is strategic asset allocation utilizing a core and satellite approach.

- **Asset Allocation:** The implementation of an investment strategy that attempts to balance risk versus reward by adjusting the percentage of each asset in an investment portfolio according to the investor's risk tolerance, goals and investment time frame. Asset allocation is based on the principle that different assets perform differently in different market and economic conditions. A fundamental justification for asset allocation is the notion that different asset classes offer returns that are not perfectly correlated, hence diversification reduces the overall risk in terms of the variability of returns for a given level of expected return. Although risk is reduced as long as correlations are not perfect, it is typically forecast (wholly or in part) based on statistical relationships (like correlation and variance) that existed over some past period. Expectations for return are often derived in the same way.

An asset class is a group of economic resources sharing similar characteristics, such as riskiness and return. There are many types of assets that may or may not be included in an asset allocation strategy. The "traditional" asset classes are stocks (value, dividend, growth, or sector-specific [or a "blend" of any two or more of the preceding]; large-cap versus mid-cap, small-cap or micro-cap; domestic, foreign [developed], emerging or frontier markets), bonds (fixed income securities more generally: investment-grade or junk [high-yield]; government or corporate; short-term, intermediate, long-term; domestic, foreign, emerging markets), and cash or cash equivalents. Allocation among these three provides a starting point. Usually included are hybrid instruments such as convertible bonds and preferred stocks, counting as a mixture of bonds and stocks. Other alternative assets that may be considered include: commodities: precious metals, nonferrous metals, agriculture, energy, others.; Commercial or residential real estate (also REITs); Collectibles such as art, coins, or stamps; insurance products (annuity, life settlements, catastrophe bonds, personal life insurance products, etc.); derivatives such as long-short or market neutral strategies, options, collateralized debt, and futures; foreign currency; venture capital; private equity; and/or distressed securities.

There are several types of asset allocation strategies based on investment goals, risk tolerance, time frames and diversification. The most common forms of asset allocation are: strategic, dynamic, tactical, and core-satellite.

- **Core-Satellite Asset Allocation:** Core-Satellite allocation strategies generally contain a 'core' strategic element making up the most significant portion of the portfolio, while applying a dynamic or tactical 'satellite' strategy that makes up a smaller part of the portfolio.

- **Private Funds:** A private fund is an investment vehicle that pools capital from a number of investors and invests in securities and other instruments. In almost all cases, a private fund is a private investment vehicle that is typically not registered under federal or state securities laws. So that private funds do not have to register under these laws, issuers make the funds available only to certain sophisticated or accredited investors and cannot be offered or sold to the general public. Private funds are generally smaller than mutual funds because they are often limited to a small number of investors and have a more limited number of eligible investors. Many but not all private funds use leverage as part of their investment strategies. Private funds management fees typically include a base management fee along with a performance component. In many cases, the fund's managers may become "partners" with their clients by making personal investments of their own assets in the fund. Most private funds offer their securities by providing an offering memorandum or private placement memorandum, known as "PPM" for short.

The PPM covers important information for investors and investors should review this document carefully and should consider conducting additional due diligence before investing in the private fund. The primary risks of private funds include the following: (a) Private funds do not sell publicly and are therefore illiquid. An investor may not be able to exit a private fund or sell its interests in the fund before the fund closes.; and (b) Private funds are subject to various other risks, including risks associated with the types of securities that the private fund invests in or the type of business issuing the private placement.

- **Real Estate Investment Trusts ("REITs"):** REITs primarily invest in real estate or real estate-related loans. Equity REITs own real estate properties, while mortgage REITs hold construction, development and/or long-term mortgage loans. Changes in the value of the underlying property of the trusts, the creditworthiness of the issuer, property taxes, interest rates, tax laws, and regulatory requirements, such as those relating to the environment all can affect the values of REITs. Both types of REITs are dependent upon management skill, the cash flows generated by their holdings, the real estate market in general, and the possibility of failing to qualify for any applicable pass-through tax treatment or failing to maintain any applicable exemptive status afforded under relevant laws.

We use a mix of passive, ETFs and actively managed investments. Portfolios are globally diversified to control the risk associated with traditional markets.

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time.

## Risk of Loss.

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Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market may increase and your account(s) could enjoy a gain, it is also possible that the stock market may decrease and your account(s) could suffer a loss. It is important that you understand the risks associated with investing in the stock market, are appropriately diversified in your investments, and ask us any questions you may have. Our investment approach constantly keeps the risk of loss in mind. Investors face the following risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds may become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.

- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad.

During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

Private investments may be offered to accredited investors. Prior to enrolling clients in any alternative investment we implement the following procedures:

- Initial and ongoing performance reviews of fund managers.
- Analytical review of the fund's prospectus and offering memorandum.
- Ongoing performance reviews.

#### Description of Material, Significant or Unusual Risks.

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We generally invest client's cash balances in money market funds, FDIC Insured Certificates of Deposit, high-grade commercial paper and/or government backed debt instruments. Ultimately, we try to achieve the highest return on our client's cash balances through relatively low-risk conservative investments. In most cases, at least a partial cash balance will be maintained in a money market account so that our firm may debit advisory fees for our services related to Asset Management, as applicable.

### Item 9: Disciplinary Information

There are no legal or disciplinary events that are material to the evaluation of our advisory business or the integrity of our management.

### Item 10: Other Financial Industry Activities & Affiliations

We have no other financial industry activities and affiliations to disclose.

## Item 11: Code of Ethics, Participation or Interest in Client Transactions & Personal Trading

We recognize that the personal investment transactions of members and employees of our firm demand the application of a high Code of Ethics and require that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, we believe that if investment goals are similar for clients and for members and employees of our firm, it is logical and even desirable that there be common ownership of some securities.

Therefore, in order to prevent conflicts of interest, we have in place a set of procedures (including a pre-clearing procedure) with respect to transactions effected by our members, officers and employees for their personal accounts<sup>1</sup>. In order to monitor compliance with our personal trading policy, we have a quarterly securities transaction reporting system for all of our associates.

Furthermore, our firm has established a Code of Ethics which applies to all of our associated persons. An investment adviser is considered a fiduciary. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. We have a fiduciary duty to all clients. Our fiduciary duty is considered the core underlying principle for our Code of Ethics which also includes Insider Trading and Personal Securities Transactions Policies and Procedures. We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics. Our firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. If a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

Neither our firm nor a related person recommends to clients, or buys or sells for client accounts, securities in which our firm or a related person has a material financial interest.

Related persons of our firm may buy or sell securities and other investments that are also recommended to clients. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which

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<sup>1</sup> For purposes of the policy, our associate's personal account generally includes any account (a) in the name of our associate, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which our associate is a trustee or executor, or (c) which our associate controls, including our client accounts which our associate controls and/or a member of his/her household has a direct or indirect beneficial interest in.

is available upon request. Please note Sage employees are prohibited from participating in trades that involve individual equity securities, exchange traded funds, closed end mutual funds and private investments without the express written consent of the chief compliance officer in the event the chief compliance officer wishes to transact in the aforementioned securities they must obtain the written consent of another managing member of the LLC.

Likewise, related persons of our firm may buy or sell securities for themselves at or about the same time they buy or sell the same securities for client accounts. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request. Further, our related persons will refrain from buying or selling the same securities prior to buying or selling for our clients in the same day. If related persons' accounts are included in a block trade, our related persons will always trade personal accounts last.

### Compliance with Department of Labor Fiduciary Rule.

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Our firm provides investment advice to assets affected by the Department of Labor ("DOL") Fiduciary Rule for a level fee. As such, we abide by the Impartial Conduct Standards as defined by the DOL. To comply with these standards, our firm and our advisors give advice that is in our clients' best interest, charge no more than reasonable compensation (within the meaning of ERISA Section 408(b)(2) and Internal Revenue Code Section 4975(d)(2), and make no misleading statements about investment transactions, compensation, conflicts of interest, and any other matters related to investment decisions. As a level-fee fiduciary, we maintain a non-variable compensation structure that is provided on the basis of a fixed percentage of the value of assets or a set fee that does not vary with the particular investment recommended, as opposed to a commission or other transaction based fee.

## Item 12: Brokerage Practices

### Selecting a Brokerage Firm.

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We seek to recommend a custodian/broker who will hold your assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others, these:

- Timeliness of execution
- Timeliness and accuracy of trade confirmations



- Research services provided
- Ability to provide investment ideas
- Execution facilitation services provided
- Record keeping services provided
- Custody services provided
- Frequency and correction of trading errors
- Ability to access a variety of market venues
- Expertise as it relates to specific securities
- Financial condition
- Business reputation
- Quality of services

With this in consideration, our firm has an arrangement with Fidelity Brokerage Services, Inc. Fidelity Brokerage Services, Inc. offers services to independent investment advisers which include custody of securities, trade execution, clearance and settlement of transactions.

### Soft Dollars.

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Fidelity Brokerage Services, Inc. may make certain research and brokerage services available at no additional cost to our firm all of which qualify for the safe harbor exemption defined in Section 28(e) of the Securities Exchange Act of 1934. These services may be directly from independent research companies, as selected by our firm (within specific parameters). Research products and services provided by Fidelity Brokerage Services, Inc. may include research reports on recommendations or other information about, particular companies or industries; economic surveys, data and analyses; financial publications; portfolio evaluation services; financial database software and services; computerized news and pricing services; quotation equipment for use in running software used in investment decision-making; and other products or services that provide lawful and appropriate assistance by Fidelity Brokerage Services, Inc. to our firm in the performance of our investment decision-making responsibilities.

We receive from various investment companies without cost investment-related research, pricing information, market data and gratis attendance at conferences, meetings, and other educational and/or social events. Primarily attendance at the aforementioned events are related to our firms vetting and due diligence of investment firms and Portfolio Managers. When offering investment products to clients we are held by our fiduciary responsibility and only invest client assets according to their best interests.

### Client Brokerage Commissions.

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We do not use client brokerage commissions to obtain research or other products or services. The aforementioned research and brokerage services are used by our firm to manage accounts for which we have investment discretion. Without this arrangement, our firm might be compelled to purchase the same or similar services at our own expense.

As a result of receiving the services discussed, we may have an incentive to continue to use or expand the use of Fidelity Brokerage Services, Inc. services. Our firm examined this potential conflict of interest when we chose to enter into the relationship with Fidelity Brokerage Services, Inc. and we have determined that the relationship is in the best interest of our firm's clients and satisfies our fiduciary obligations, including our duty to seek best execution.

Fidelity Brokerage Services, Inc. charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Fidelity Brokerage Services, Inc. enables us to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Fidelity Brokerage Services, Inc. commission rates are generally discounted from customary retail commission rates. The commission and transaction fees charged by Fidelity Brokerage Services, Inc. may be higher or lower than those charged by other custodians and broker-dealers.

Our clients may pay a commission to Fidelity Brokerage Services, Inc. that is higher than another qualified broker dealer might charge to effect the same transaction where we determine in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although we will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions.

Although the investment research products and services that may be obtained by our firm will generally be used to service all of our clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account.

We do not acquire client brokerage commissions (or markups or markdowns).

### Client Transactions in Return for Soft Dollars.

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We do not direct client transactions to a particular broker-dealer in return for soft dollar benefits.

### Brokerage for Client Referrals.

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Our firm does not receive brokerage for client referrals.

### Directed Brokerage.

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Neither we nor any of our firm's related persons have discretionary authority in making the determination of the brokers with whom orders for the purchase or sale of securities are placed for execution, and the commission rates at which such securities transactions are effected. We routinely recommend that a client directs us to execute through a specified broker-dealer. Our firm recommends the use of (insert Custodian and/or Broker-Dealer Name Here). Each client will be required to establish their account(s) with (insert Custodian and/or Broker-Dealer Name Here) if not already done. Please note that not all advisers have this requirement.

### Special Considerations for ERISA Clients.

A retirement or ERISA plan client may direct all or part of portfolio transactions for its account through a specific broker or dealer in order to obtain goods or services on behalf of the plan. Such direction is permitted provided that the goods and services provided are reasonable expenses of the plan incurred in the ordinary course of its business for which it otherwise would be obligated and empowered to pay. ERISA prohibits directed brokerage arrangements when the goods or services purchased are not for the exclusive benefit of the plan. Consequently, we will request that plan sponsors who direct plan brokerage provide us with a letter documenting that this arrangement will be for the exclusive benefit of the plan.

### Client-Directed Brokerage.

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We allow clients to direct brokerage outside our recommendation. We may be unable to achieve the most favorable execution of client transactions. Client directed brokerage may cost clients more

money. For example, in a directed brokerage account, you may pay higher brokerage commissions because we may not be able to aggregate orders to reduce transaction costs, or you may receive less favorable prices.

### Prime Brokerage.

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In certain instances we may determine that it would be in the client's best interest to direct the clients' trades to a specific dealer. When directing trades away from the qualified custodian, we do not receive payouts on mark-ups for such trades in advisory accounts.

We participate in prime brokerage services approved by Fidelity and may include fixed income, bonds, equity and other securities trades. The chosen dealer will clear our prime brokerage transactions established in the name of Fidelity and designated for our client account holders to the account allocation established at our master account at Fidelity.

Pursuant to the prime brokerage services agreement with Fidelity, we will transmit to the custodian all the details of each prime brokerage transaction to be cleared for our account, including, but not limited to, the contract amount, the security involved, the number of shares or number of units, and whether the transaction was a long or short sale or a purchase.

### Aggregation of Purchase or Sale.

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We perform investment management services for various clients. There are occasions on which portfolio transactions may be executed as part of concurrent authorizations to purchase or sell the same security for numerous accounts served by our firm, which involve accounts with similar investment objectives. Although such concurrent authorizations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they are affected only when we believe that to do so will be in the best interest of the effected accounts. When such concurrent authorizations occur, the objective is to allocate the executions in a manner which is deemed equitable to the accounts involved. In any given situation, we attempt to allocate trade executions in the most equitable manner possible, taking into consideration client objectives, current asset allocation and availability of funds using price averaging, proration and consistently non-arbitrary methods of allocation.

## Item 13: Review of Accounts or Financial Plans

We review accounts on at least an annual basis for our clients subscribing to our **Asset Management** service. Account reviews are performed more frequently when market conditions dictate.

The nature of these reviews is to learn whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. Only our Financial Advisors will conduct reviews.

**Financial Planning** clients do not receive reviews unless they take action to schedule a financial consultation with us. We do not provide ongoing services to financial planning clients, but are willing to meet with such clients upon their request to discuss updates to their plans, changes in their circumstances, etc.

We may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc.

Clients receive written updates on at least a quarterly basis including information relating to a net worth statement, portfolio statement and a summary of objectives and progress towards meeting those objectives.

## Item 14: Client Referrals & Other Compensation

### Fidelity.

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Except for the arrangements outlined in Item 12 of this brochure, we have no additional arrangements to disclose.

### Referral Fees.

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We pay referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm in accordance with Rule 206 (4)-3 of the Investment Advisers Act of 1940. Such referral fee represents a share of our investment advisory fee charged to our clients. This arrangement will not result in higher costs to you. In this regard, we maintain Solicitors Agreements in compliance with Rule 206 (4)-3 of the Investment Advisers Act of 1940 and applicable state and federal laws. All clients referred by Solicitors to our firm will be given full written disclosure describing the terms and fee arrangements between our firm and Solicitor(s). In cases where state law requires licensure of solicitors, we ensure that no solicitation fees are paid unless the solicitor is registered as an investment adviser representative of our firm. If we are paying solicitation fees to another registered investment adviser, the licensure of individuals is the other firm's responsibility.

## Item 15: Custody

All our clients receive account statements directly from their qualified custodians at least quarterly upon opening of an account. If our firm decides to also send account statements to clients, such notice and account statements include a legend that recommends that the client compare the account statements received from the qualified custodian with those received from our firm.

As manager of Excel Alternative Strategies Fund (“Funds”), our firm is deemed to have custody of the cash and securities held by these Funds. In compliance with SEC Rule 206(4)-2(b)(4)(i), the Funds each send an audited financial statement, audited by a registered Public Company Accounting Oversight Board (“PCAOB”) accountant, to each Fund investor within 120 days of each Fund’s fiscal year end. By ensuring these steps are followed, our firm’s annual surprise examination requirement is satisfied.

Clients are encouraged to raise any questions with us about the custody, safety or security of their assets and our custodial recommendations.

### Third Party Money Movement.

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The SEC issued a no-action letter (“Letter”) with respect to the Rule 206(4)-2 (“Custody Rule”) under the Investment Advisers Act of 1940 (“Advisers Act”). The letter provided guidance on the Custody Rule as well as clarified that an adviser who has the power to disburse client funds to a third party under a standing letter of instruction (“SLOA”) is deemed to have custody. As such, our firm has adopted the following safeguards. As such, our firm has adopted the following safeguarding procedures in conjunction with our custodian, Fidelity:

- Fidelity’s forms, used to establish a standing letter of authorization, include the name and account number on the receiving account and must be signed by the client.
- Fidelity’s SLOA forms currently require client’s signature.
- Fidelity performs verification on all SLOA forms and sends a transfer of notice to the client promptly following the transaction.
- Clients always have the ability to terminate (or amend) an SLOA in writing.
- Our firm has no authority, or ability, to amend the third party designated on a standing instruction.

- Our firm maintains records showing the third party is not a related party of our firm or located at our firm.
- Fidelity notifies the client in writing when a new standing instruction is set up. Clients also receive an annual mailing reconfirming the existence of the standing instruction

## **Item 16: Investment Discretion**

Clients have the option of providing our firm with investment discretion on their behalf, pursuant to an executed investment advisory client agreement. By granting investment discretion, we are authorized to execute securities transactions, which securities are bought and sold, and the total amount to be bought and sold. Limitations may be imposed by the client in the form of specific constraints on any of these areas of discretion with our firm's written acknowledgement.

## **Item 17: Voting Client Securities.**

We do not and will not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our firm, we will forward them on to you and ask the party who sent them to mail them directly to you in the future. Clients may call, write or email us to discuss questions they may have about particular proxy votes or other solicitations.

Third party money managers selected or recommended by our firm may vote proxies for clients. Therefore, except in the event a third party money manager votes proxies, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Therefore (except for proxies that may be voted by a third party money manager), our firm and/or you shall instruct your qualified custodian to forward to you copies of all proxies and shareholder communications relating to your investment assets.

## **Item 18: Financial Information.**

Our firm is not required to provide financial information in this Brochure because:

- Our firm does not require the prepayment of more than \$1,200 in fees when services cannot be rendered within 6 months.

- We have disclosed our custody arrangement to ensure our ability to meet contractual commitments to clients in Item 15.
- Our firm does not have a financial condition or commitment that impairs our ability to meet contractual and fiduciary obligations to clients.

Our firm has never been the subject of a bankruptcy proceeding.