

**Sage Capital Management LLC**  
(Part 2A of Form ADV)

**Sage Capital Management LLC**  
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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 at: 212-584-4110, or by email at: [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.

Registration with the SEC as an investment advisor does not imply any specific level of skill or training.

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

March 31, 2011

## Material Changes

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### 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.

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### 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 specifies mandatory sections and organization.

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### Full Brochure Available

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: 212-584-4110 or by email at: [Advisor@SageNY.com](mailto:Advisor@SageNY.com).

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## Advisory Business

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### Firm Description

Sage Capital Management LLC, ("Sage") was founded in 1999.

Sage provides personalized confidential financial planning and investment management to individuals, pension and profit sharing plans, trusts, estates, charitable organizations and small businesses. Advice is provided through consultation with the client and may include: determination of financial objectives, identification of financial problems, cash flow management, tax planning, insurance review, investment management, education funding, retirement planning, and estate planning.

Sage is strictly a fee-only financial planning and investment management firm. The firm does not receive commissions for purchasing or selling annuities, insurance, stocks, bonds, mutual funds, limited partnerships, or other commissioned products. The firm is not affiliated with entities that sell financial products or securities. No commissions in any form are accepted. No finder's fees are accepted.

Investment advice is an integral part of financial planning. In addition, Sage advises clients regarding cash flow, college planning, retirement planning, tax planning and estate planning.

Investment advice and investment selection are provided. Sage does not act as a custodian of client assets. The client always maintains asset control. Sage places trades for clients under a limited power of attorney.

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.

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.

The initial meeting, which may be by telephone, is free of charge and is considered an exploratory interview to determine the extent to which financial planning and investment management may be beneficial to the client.

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### Principal Owners

Lawrence C. Busch is a 90% stockholder. Howard T. Gottlieb is a 10% stockholder.

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## Types of Advisory Services

Sage provides investment supervisory services, also known as asset management services; manages investment advisory accounts not involving investment supervisory services; furnishes investment advice through consultations; issues periodicals about securities by subscription; issues special reports about securities; and issues, charts, graphs, formulas, or other devices which clients may use to evaluate securities.

On more than an occasional basis, Sage furnishes advice to clients on matters not involving securities, such as financial planning matters.

As of March 31, 2011, Sage manages approximately \$459 million in assets for approximately 100 clients. Approximately \$296 million is managed on a discretionary basis, and \$163 million is managed on a non-discretionary basis.

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## Tailored Relationships

The goals and objectives for each client are documented in our client relationship management system. Investment portfolio allocations are created that reflect the stated goals and objectives. Clients may impose restrictions on investing in certain securities or types of securities.

Agreements may not be assigned without client consent.

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## Types of Agreements

The following agreements define the typical client relationships.

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### Advisory Service Agreement

Most clients choose to have Sage manage their assets in order to obtain ongoing in-depth advice and life planning. All aspects of the client's financial affairs are reviewed, including those of their children. Realistic and measurable goals are set and objectives to reach those goals are defined. As goals and objectives change over time, suggestions are made and implemented on an ongoing basis.

The scope of work and fee for an Advisory Service Agreement is provided to the client in writing prior to the start of the relationship. An Advisory Service Agreement may include: cash flow management; investment management (including performance reporting); education planning; retirement planning, as well as the implementation of recommendations within each area.

Although the Advisory Service Agreement is an ongoing agreement and constant adjustments are required, the length of service to the client is at the client's discretion. The client or the investment manager may terminate an Agreement by written notice to the other party. At termination, fees will be billed on a pro rata basis for the portion of the quarter completed. The

portfolio value at the completion of the prior full billing quarter is used as the basis for the fee computation, adjusted for the number of days during the billing quarter prior to termination.

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#### Hourly Planning Engagements

Sage provides hourly planning services for clients who need advice on a limited scope of work. The hourly rate for limited scope engagements is \$500.

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#### Asset Management

Assets may be invested in no-load or low-load mutual funds and exchange-traded funds, usually through discount brokers or fund companies. Fund companies charge each fund shareholder an investment management fee that is disclosed in the fund prospectus. Discount brokerages may charge a transaction fee for the purchase of some funds.

Stocks and bonds may be purchased or sold through a brokerage account when appropriate. The brokerage firm charges a fee for stock and bond trades. Sage does not receive any compensation, in any form, from fund companies or brokerage firms.

Investments may also include: equities (stocks), warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, investment company securities (variable life insurance, variable annuities, and mutual funds shares), U. S. government securities, options contracts, futures contracts, and interests in partnerships.

Initial public offerings (IPOs) are not available through Sage.

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#### Termination of Agreement

A Client may terminate any of the aforementioned agreements at any time by notifying Sage in writing and paying the rate for the time spent on the investment advisory engagement prior to notification of termination. If the client made an advance payment, Sage will refund any unearned portion of the advance payment.

Sage may terminate any of the aforementioned agreements at any time by notifying the client in writing. If the client made an advance payment, Sage will refund any unearned portion of the advance payment.



## Fees and Compensation

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Description

### **FEE STRUCTURE AND BILLING**

#### Level I Service (one time fee)

Investor Profile, Asset Allocation, Cash Flow Analysis

Flat fee: \$10,000

#### Level II Service (annual fee)

	Performance Monitoring & <u>Supervision</u>	Fixed Income <u>Management</u>
On all assets	1.00%	.60%
Minimum Fee	\$10,000	\$6,000

Fees are billed quarterly based on the average valuation of assets during a calendar quarter and subject to minimum fee limitations.

#### Consulting Services

\$500 per hour

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#### Fee Billing

Investment management fees are billed quarterly, in arrears, meaning that we invoice you after the three-month billing period has ended. Payment in full is expected upon invoice presentation. Fees are usually deducted from a designated client account to facilitate billing. The client must consent in advance to direct debiting of their investment account.

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#### Other Fees

Custodians may charge transaction fees on purchases or sales of certain mutual funds and exchange-traded funds. These transaction charges are

usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

## **Performance Based Fees**

Not applicable to Sage.

## **Types of Clients**

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### **Description**

Sage generally provides investment advice to individuals, pension and profit sharing plans, trusts, estates, or charitable organizations, corporations or business entities.

Client relationships vary in scope and length of service.

## **Methods of Analysis, Investment Strategies and Risk of Loss**

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### **Methods of Analysis**

Security analysis methods may include charting, fundamental analysis, technical analysis, and cyclical analysis.

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, Charles Schwab & Company's "SchwabLink" service, Advisor Intelligence, the World Wide Web, as well as, research provided by investment firms.

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### **Investment Strategies**

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

Other strategies may include long-term purchases, short-term purchases, trading, short sales, margin transactions, and option writing (including covered options, uncovered options or spreading strategies).

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### Risk of Loss

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment 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.

## Disciplinary Information

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### Legal and Disciplinary

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

## Other Financial Industry Activities and Affiliations

Not applicable to Sage.

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

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### Code of Ethics

The employees of Sage have committed to a Code of Ethics that is available for review by clients and prospective clients upon request. The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

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### Participation or Interest in Client Transactions

Sage and its employees may buy or sell securities that are also held by clients. Employees may not trade their own securities ahead of client trades. Employees comply with the provisions of the Sage's *Compliance Manual*.

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### Personal Trading

The Chief Compliance Officer of Sage is Lawrence Busch. He reviews all employee trades each quarter. His trades are reviewed by Howard Gottlieb. The personal trading reviews ensure that the personal trading of employees does not affect the markets, and that clients of the firm receive preferential treatment. Since most employee trades are small mutual fund trades or exchange-traded fund trades, the trades do not affect the securities markets.

## Brokerage Practices

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### Selecting Brokerage Firms

Sage does not have any affiliation with product sales firms. Specific custodian recommendations are made to Clients based on their need for such

services. Sage recommends custodians based on the proven integrity and financial responsibility of the firm and the best execution of orders at reasonable commission rates.

Sage recommends discount brokerage firms and trust companies (qualified custodians), such as Charles Schwab and Fidelity.

Sage does not receive fees or commissions from any of these arrangements.

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#### Best Execution

Sage reviews the execution of trades at each custodian. Trading fees charged by the custodians is also reviewed. Sage does not receive any portion of the trading fees.

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#### Soft Dollars

Sage does not receive soft dollars from any firm.

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#### Order Aggregation

Most trades are mutual funds or exchange-traded funds where trade aggregation does not garner any client benefit.

## Review of Accounts

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#### Periodic Reviews

Account reviews are performed quarterly by advisors Lawrence Busch, President, Howard Gottlieb, Managing Director, Ronald Deutsch, Managing Director and Geoffrey Kurinsky, Director. Account reviews are performed more frequently when market conditions dictate.

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#### Review Triggers

Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's own situation.

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#### Regular Reports

Account reviewers are members of the firm's Investment Committee. They are instructed to consider the client's current security positions and the likelihood that the performance of each security will contribute to the investment objectives of the client.

Clients receive periodic communications on at least a quarterly basis. The written updates may include a net worth statement, portfolio statement and a summary of objectives and progress towards meeting those objectives.

## **Client Referrals and Other Compensation**

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### **Incoming Referrals**

Sage has been fortunate to receive many client referrals over the years. The referrals came from current clients, estate planning attorneys, accountants, employees, personal friends of employees and other similar sources. The firm does not compensate referring parties for these referrals.

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### **Referrals Out**

Sage does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

## **Custody**

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### **Account Statements**

All assets are held at qualified custodians, which means the custodians provide account statements directly to clients electronically or at their address of record at least quarterly.

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### **Performance Reports**

Clients are urged to compare the account statements received directly from their custodians to the performance report statements provided by Sage.

## **Investment Discretion**

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### **Discretionary Authority for Trading**

Sage accepts discretionary authority to manage securities accounts on behalf of clients. Sage has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold.

The client approves the custodian to be used.

Discretionary trading authority facilitates placing trades in your accounts on your behalf so that we may promptly implement the investment policy that you have approved in writing.

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### **Limited Power of Attorney**

A limited power of attorney is a trading authorization for this purpose. You sign a limited power of attorney so that we may execute the trades that you have approved.

## Voting Client Securities

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### Proxy Votes

Sage does not vote proxies on securities. Clients are expected to vote their own proxies.

When assistance on voting proxies is requested, Sage will provide recommendations to the Client. If a conflict of interest exists, it will be disclosed to the Client.

## Financial Information

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### Financial Condition

Sage does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

A balance sheet is not required to be provided because Sage does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$1,200 per client, and six months or more in advance.

## Business Continuity Plan

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### General

Sage has a plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people.

### Alternate Offices

Alternate offices are identified to support ongoing operations in the event the main office is unavailable. It is our intention to contact all clients as soon as possible if a disaster dictates moving our office to an alternate location.

## Information Security Program

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### Information Security

Sage maintains an information security program to reduce the risk that your personal and confidential information may be breached.

### Privacy Notice

## Privacy Policy

We consider customer privacy to be a fundamental aspect of our relationship with clients. We are committed to maintaining the confidentiality, integrity and security of our current, prospective and former clients' personal information. We have developed policies designed to protect this confidentiality while allowing client needs to be served.

In the course of providing you with products and services, we may obtain non-public personal information about you. This information may come from sources such as account applications and other forms, from other written, electronic or verbal correspondence, from your transactions, from your brokerage or financial advisory firm, financial adviser or consultant, and/or from information captured on our internet web site.

We do not disclose any personal or account information provided by you or gathered by us to non-affiliated third parties, except as required or permitted by law. As is common in the industry, non-affiliated companies may from time to time be used to provide certain services, such as preparing and mailing prospectuses, reports, account statements and other information, conducting research on client satisfaction, and gathering shareholder proxies.

We do reserve the right to disclose or report personal information to non-affiliated third parties in limited circumstances where we believe in good faith that disclosure is required under law, to cooperate with regulators or law enforcement authorities, to protect our rights or property, or upon reasonable request by any mutual fund in which you have chosen to invest. In addition, we may disclose information about you or your accounts to a non-affiliated third party at your request or if you consent in writing to the disclosure.

We take seriously the obligation to safeguard your non-public information. We have implemented procedures designed to restrict access to your non-public personal information to our personnel who need to know that information to provide products or services to you. Procedural safeguards are in place to guard your non-public (physical and/or electronic) personal information.

## **Brochure Supplement (Part 2B of Form ADV)**

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### **Education and Business Standards**

Sage requires that advisors in its employ have a bachelor's degree and further coursework demonstrating knowledge of financial planning and tax planning. Examples of acceptable coursework include: an MBA, a CFP®, a CFA, a ChFC, JD, CTFA, EA or CPA. Additionally, advisors must have work experience that demonstrates their aptitude for financial planning and investment management.



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## Professional Certifications

Employees have earned certifications and credentials that are required to be explained in further detail.

Chartered Financial Analyst (CFA): Chartered Financial Analysts are licensed by the CFA Institute to use the CFA mark. CFA certification requirements:

- Hold a bachelor's degree from an accredited institution or have equivalent education or work experience.
- Successful completion of all three exam levels of the CFA Program.
- Have 48 months of acceptable professional work experience in the investment decision-making process.
- Fulfill society requirements, which vary by society. Unless you are upgrading from affiliate membership, all societies require two sponsor statements as part of each application; these are submitted online by your sponsors.
- Agree to adhere to and sign the Member's Agreement, a Professional Conduct Statement, and any additional documentation requested by CFA Institute.

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## Lawrence C. Busch, President, CFA

### Educational Background:

- Date of Birth: 1964
- Brooklyn College, BS (Accounting) 1986; New York University, MBA (Finance) 1994

### Business Experience:

- Clarfeld & Co. (1995-1998); Ernst & Young (1991-1995)

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## Howard T. Gottlieb, Managing Director

### Educational Background:

- Date of birth: 1953
- Brooklyn College, BA (Political Science)

### Business Experience:

- Gottlieb Consulting (1998-1999); Prudential Insurance (1997-1998); Burrell/BFA Advertising (1996-1997); Scudder Stevens & Clark (1989-1996)

### Supervision:

Howard Gottlieb is supervised by Lawrence Busch, President. He reviews Howard Gottlieb's work through frequent office interactions as

well as remote interactions. He also reviews Howard Gottlieb's activities through our client relationship management system.

Lawrence Busch's contact information:

212-584-4111 EMAIL: lbusch@sageny.com

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Ronald E. Deutsch, Managing Director, CFA

Educational Background:

- Date of birth: 1957
- Binghamton University, BS (Accounting) 1979; Northwestern University, MBA (Finance & Marketing) 1981

Business Experience:

- BNP Paribas, Director-Fixed Income Credit (2000-2006); Bear Stearns & Co., Senior Managing Director (1993-2000)

Other Business Activities:

Ronald Deutsch serves as a board member of the investment committee for the Binghamton University's Foundation which oversees \$80 million in assets.

Supervision:

Ronald E. Deutsch is supervised by Lawrence C. Busch, President. He reviews Ronald E. Deutsch's work through frequent office interactions as well as remote interactions. He also reviews Ronald E. Deutsch's activities through our client relationship management system.

Lawrence C. Busch's contact information:

PHONE: 212-584-4111 EMAIL: lbusch@sageny.com

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Geoffrey Kurinsky, Director

Educational Background:

- Date of birth: 1953
- University of Massachusetts in Amherst, BA (Accounting); Boston University, MBA (Management)

Business Experience:

- MFS Investment Management Fixed Income – Senior Vice President and Portfolio Manager (1987-2002); Thompson Financial Bond Market Analyst (1985-1987)

Other Business Activities:

Geoffrey Kurinsky serves on the investment committees for the Combined Jewish Philanthropies of Greater Boston, Hebrew College of Newton, MA and Temple Aliyah in Needham, MA.

Supervision:

Geoffrey Kurinsky is supervised by Lawrence C. Busch, President. He reviews Geoffrey Kurinsky's work through frequent office interactions as well as remote interactions. He also reviews Geoffrey Kurinsky's activities through our client relationship management system.

Lawrence C. Busch's contact information:

PHONE: 212-584-4111 EMAIL: lbusch@sageny.com