



## **FORM ADV PART 2A, FIRM BROCHURE**

### **EFFECTIVE March 2021**

This Brochure provides information about the qualifications and business practices of Sage Capital Advisors, LLC ("Sage"). If you have questions about the contents of this Brochure, please contact us at 844-279-7243.

Sage is a registered investment advisor registered with the United States Securities and Exchange Commission ("SEC"). The information in this Brochure has not been approved or verified by the SEC or by any state securities authority. Registration of an Investment Advisors does not imply any specific level of skill or training. The oral and written communications of an Advisor provide you with information about which you determine to hire or retain an Advisors.

Additional information about Sage and its advisory person are available on the SEC website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

### **Sage Capital Advisors, LLC**

CRD No. 136577  
SEC File No. 801-64637

122 S. Phillips Ave., #260  
Sioux Falls, SD 57104

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## ITEM 2: MATERIAL CHANGES

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Sage Capital Advisors, LLC is required to notify clients of any information that has changed since the last annual update of the Firm Brochure ("Brochure") that may be important to them. Clients can request a full copy of our Brochure or contact us with any questions that they may have about the changes.

Since the last annual amendment filed on 09/22/2020, the following changes have been made:

- Our firm has clarified the minimum account requirement in item 7 of this brochure.

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## ITEM 4: ADVISORY SERVICES

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### FIRM INFORMATION

Sage Capital Advisors, LLC (“Sage”) is a registered investment advisor with the United States Securities and Exchange Commission. Sage is organized as a limited liability company in the State of Nevada. The principal owners are Matthew Johnson and Diana Blair, with each owning a 50% stake in Sage. Mr. Johnson’s stake is owned via a privately held firm, Sage One Ltd., Ms. Blair’s stake is also owned via a privately held firm, Dblair Corporation. Sage has been in continuous operation since 2005.

### ADVISORY SERVICES OFFERED

**Investment Management Services:** Sage provides continuous, active management of client investment portfolios. Sage has developed a proprietary client service model that includes discovery, planning, implementing and monitoring components.

**Client Discovery:** Upon entering into an advisory agreement, Sage will draft, and the Client will sign, a statement of Investment Guidelines. This statement will be based on conversations and information collected during the interview stage. Sage will collect information concerning a Client’s financial status, goals and assets among other things.

**Investment Plan:** Based on the information provided by the Client, Sage may furnish the Client with an “Investment Policy Statement” which summarizes the Client’s current investment portfolio, investment goals and objectives, timeline and risk tolerance ability and willingness.

**Portfolio Design and Implementation:** Upon completion of the investment objective information, Sage will design the Client’s investment portfolio implementing an investment plan for the Client. In designing a portfolio, Sage does not adhere to rigid models or benchmarks. Every portfolio constructed is based solely on each Client’s objectives and financial profile.

**Investment Monitoring and Maintenance:** Sage will continuously monitor the investment portfolio to ensure that the portfolio meets the Client’s goals and objectives. Further, Sage monitors each Client portfolio to ensure they are invested in accordance with Sage’s firm-wide investment guidance and economic outlook. Accounts are typically managed on a discretionary basis. Sage may offer non-discretionary services as well. For more on Sage’s discretionary authority, please see Item 16 below.

It is the Client’s responsibility to notify Sage promptly, in writing, of any change to the information provided by the Client, including changes to investment objectives, risk tolerance, investment time horizon and any investment policies, guidelines or reasonable restrictions. Sage will honor Client restrictions unless those restrictions impair Sage’s ability to manage Client assets.

**Consulting Services:** Sage may offer investment consulting services on assets not managed by Sage. Consulting advice may be regarding a security, business transaction, consulting arrangement or any other issue about which the principals of Sage feel they may be able to render an expert opinion.

**Managed Account Programs:** Sage may enter into agreements with various managed account programs. All managed account programs utilized by Sage will be licensed as Investment Advisors by their resident state or with the U.S. Securities and Exchange Commission. Sage will gather information about a Client’s financial situation and investment objectives and then select a money management program based on the services required by the Client.

Fees for separately managed accounts are established and payable in accordance with the Form ADV Part 2 of each managed program and may not be negotiable by Sage. Fees for managed accounts will be deducted in

addition to Sage's advisor fee and will be fully disclosed to the Client.

**Financial Planning Services:** Sage provides financial planning and consulting services. Financial planning services are rendered via a proprietary service methodology. A financial plan may include a review and analysis of the following:

- Clients net worth (including assets and liabilities)
- Objectives
- Time Horizon
- Risk tolerance
- Risk capacity and management
- Cash flow and expenses
- Income taxes
- Fringe benefits
- Retirement
- Educational funding
- Estate planning

Sage's approach to providing this service starts with gathering current financial and subjective material and information. Sage then assesses a Client's goals, objectives, time horizon and risk tolerance to compare where the client is today in relation to the attainment of their stated goals. A financial plan is prepared and is discussed with the Client along with various alternative considerations. During this process, the client is educated about recommendations.

Sage entrusts that the Client will provide accurate information and that Sage is not obligated to verify any information received from the Client. If requested by the Client, Sage may recommend the services of other professionals for purposes of implementing certain aspects of the financial plan. Clients are under no obligation to engage the services of any such recommended professionals. Clients retain absolute authority over all implementation decisions and are free to accept or reject any recommendation from Sage. Moreover, Clients are advised that it remains their responsibility to promptly notify Sage if there is any change in their financial situation during the financial planning process.

**Investment Management for Plan Participants and Plan Sponsors:** Sage represents that it is a registered Investment Advisor and qualifies as an Investment Manager under Section 3(38) of the Employee Retirement Security Act (ERISA) and is a fiduciary as defined by ERISA. As a 3(38) Investment Manager, Sage can be authorized by a Plan to exercise the firm's best judgment in investing, selling and reinvesting securities in a retirement account at its discretion. In no case will Sage hold any assets of any plan, but rather, they are held by an independent custodian, selected by the client. Sage accepts the fiduciary duty and therefore fiduciary legal liability to:

- Create an Investment Policy Statement
- Create an investment line up
- Monitor the investment lineup
- Provide quarterly reports and
- Replace funds as necessary

As a 3(38) Investment Manager, Sage shall have discretion over the establishment of the plan's investment policy, prudent selection, monitoring, removal and replacement of all the plan's investment options.

## CLIENT ACCOUNT MANAGEMENT

Prior to engaging Sage to provide investment advisory services, the Client is required to enter into an investment management agreement with Sage which sets forth the terms and conditions of the engagement and the services to be provided. These services may include:

**Selecting Investment Securities:** Sage will utilize a proprietary securities analysis methodology (described in Item 8 below) to determine which securities are deemed suitable for investment for Sage clients.

**Portfolio Construction:** Sage will implement its security recommendations on a discretionary basis. That is, Sage may purchase and sell securities in a Client's account without obtaining specific Client consent. Non-discretionary services are also available. Sage will use the services of a discount broker-dealer to provide custodial services and affect trades.

**Ongoing Investment Monitoring:** Sage provides ongoing oversight of the Client's investment portfolio. All investments are monitored relative to certain benchmarks and Sage expectations.

## WRAP FEE PROGRAMS

Sage does not manage any proprietary wrap fee programs. Should Sage manage proprietary wrap fee programs in the future, information will be provided here.

## ASSETS UNDER MANAGEMENT

As of June 30, 2020, Sage manages the following assets:

Discretionary Assets	\$ 249,620,791
Non-Discretionary Assets	<u>\$ 58,914,445</u>
<b>Total</b>	<b>\$ 308,535,236</b>

## ITEM 5 – FEES AND COMPENSATION

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The following information details the fee structure and compensation methodology for investment management services. Each Client shall sign an Investment Management Agreement that details the responsibilities of Sage and the Client.

### FEES FOR ADVISORY SERVICES

**Investment Management Services:** Sage's fees for investment advisory services varies based on the amount of assets managed by Sage. Typically, fees are a fixed percentage of the assets under management. This fee includes all investment recommendations and portfolio implementation, unless the client contract states otherwise. The fees for investment advisory services are billed on a tiered fee schedule. Family accounts may be combined for calculating breakpoints; some clients may pay a flat fee in lieu of the assets under management fee.

<b>Tiered Annualized Investment Management Fees</b>	
Account Value	Annual Percentage Fee
On the First \$1,000,000	1.5%
On the next \$3,000,000 (1-4 Million)	1.3%
On the next \$3,000,000 (4-7 Million)	1.2%
On the next \$3,000,000 (7-10 Million)	1.1%
All assets over \$10 Million	1%

Sage may permit exceptions to its fee policies. Such negotiated fees are approved on a case by case basis by the principals of Sage. The determining factors to a negotiated fee are the relative complexity of the client situation, size

of the portfolio and the scope of services to be provided. In all cases, the Client's fee will be agreed upon in advance and indicated in the Client Agreement.

**Consulting Fees and Financial Planning Services:** Clients may engage Sage on an hourly fee basis. Hourly fees are usually charged for various consulting services a client may request. Hourly fees are \$175.00 per hour or a predetermined fee starting at \$1,000.

**Investment Management for Plan Participants and Plan Sponsors:** Sage's fee for investment advisory services for plan participants and plan sponsor varies based on the amount of assets managed by Sage. Typically, fees are a fixed percentage of the assets under management. This fee includes all investment recommendations and portfolio implementation, unless the client contract states otherwise.

The fees for investment advisory services for plan participants and plan sponsors are billed on a tiered fee schedule.

<b>Total Assets</b>	<b>Annual Fees</b>
\$0-\$499,000	0.80%
\$500,000 - \$9,999,999	0.70%
\$10,000,000 - \$14,999,999	0.60%
\$15,000,000 - \$24,999,999	0.50%
\$25,000,000 - \$49,999,999	0.40%
\$50,000,000 and above	0.30%

Sage may permit exceptions to its fee policies. Such negotiated fees are approved on a case by case basis by the principals of Sage. The determining factors to a negotiated fee are the relative complexity of the Client situation, size of the portfolio and the scope of services to be provided. In all cases, the fees will be agreed upon in advance and indicated in the Client agreement.

## **FEE BILLING**

**Asset Based Fee:** Fees are fixed percentage of assets under management and are invoiced monthly in arrears based upon the account value on the last day of the prior period. Clients are invoiced monthly in arrears for advisory services. ERISA accounts will be quarterly in arrears. All fees will be agreed upon in advance and indicated in the Client agreement. For accounts opened during the month, fees will be prorated to cover only that period in which the account was managed by Sage.

Asset based management fees will be automatically deducted from the client account by the Custodian. Sage shall send a monthly invoice to the Custodian indicating the amount of fees to be deducted from the Client account. The amount due monthly is calculated by applying the annual rate in the tables above to the total assets under management with Sage prorated for the applicable time.

Clients receive independent statements from the Custodian generally on a monthly basis, but no less frequently than quarterly. It is the responsibility of the Client to verify the accuracy of the fees as listed on the Custodian's brokerage statement as the Custodian does not assume the responsibility.

**Consulting and Financial Planning Fees:** Clients paying an hourly fee will be billed in arrears monthly or upon completion of the work agreed upon in the contract. Hourly fees are documented during the project work and the Client will receive an invoice for the fee.

## **OTHER FEES AND EXPENSES**

Clients may incur certain fees or charges imposed by third parties other than Sage in connection with investments made on behalf of the Client's account(s). The Client is responsible for all custodial and securities execution fees charged by the Custodian and executing broker-dealer. The investment advisory fee charged by

Sage is separate and distinct from the Custodian and execution fees. In addition, all fees paid to Sage for Investment Advisory Services are separate and distinct from the expenses charged by mutual funds and exchange traded funds to their shareholders. These fees and expenses are described in each fund's prospectus. These fees and expenses will generally be used to pay management fees for the funds, other fund expenses, account administration (e.g. custody, brokerage and account reporting), and a possible distribution fee.

A Client may be able to invest in certain investments, without the services of Sage, but generally would not receive access to Advisor and Institutional shares classes. The Client also would not receive the services provided by Sage which are designed, among other things, to assist the Client in determining which products or services are most appropriate to each Client's financial condition and objectives. Accordingly, the Client should review both the fees charged by the fund(s), if any, and the fees charged by Sage to fully understand the total fees to be paid.

## **ADVANCE PAYMENT OF FEES AND TERMINATION**

**Advance Fees:** There is no advance payment of investment advisory fees. Sage Client's pay investment advisory fees in arrears.

**Termination:** Clients may request to terminate their Investment Management Agreement with Sage, in whole or in part, by providing written notice to Sage. The Client shall be responsible for investment advisory fees up to and including the effective date of termination. Sage will invoice the Client for all earned, unpaid investment advisory fees. The Client's Investment Management Agreement with Sage is non-transferrable without Client's written approval. Clients may terminate the Investment Management Agreement without penalty (full refund or no fees due) within five (5) business days of signing the Agreement if the Sage Form ADV Part 2 was not delivered at least 48 hours prior to the client's execution of the agreement. Sage shall not impose any start-up, closing or penalty fees in connection to the account. Clients may be assessed closing fees by the accounts' custodian.

## **COMPENSATION FOR SALES OF SECURITIES**

As a fee-only advisor, Sage is paid only on the advice and investment management provided to Clients based on the assets under management in the Client's account(s). Sage does not receive commissions or any compensation for transactions in any Client account.

## **ITEM 6: PERFORMANCE BASED FEES**

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**Performance Based Fees:** Sage does not currently charge performance-based fees for any Client. If Sage enters into such an arrangement, full disclosure will be made in this section.

**Side by Side Management:** Sage does not currently manage any proprietary investment funds (i.e. mutual funds). If Sage enters into such an arrangement, full disclosure will be made in this section.

## **ITEM 7: TYPES OF CLIENTS**

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Sage may provide services to a variety of client types. However, Sage clients will typically fall into one of the following categories:

- *Individuals, Small Business Owners, Families, Personal Trusts and Estates:* Private investors investing personal assets
- *501C(3) Non-Profit Corporation:* Non-Profit corporations may be charitable groups or Native American Tribes.
- *Pension and Profit-Sharing Plans:* Generally organized as a trust investing the assets of plan participants.
- *Plan Participants:* Individuals enrolled in a pension or profit-sharing plan seeking individual advice independent of their plan sponsor.



- *Other Financial Service Firms:* Typically, other investment advisors for whom Sage provides investment, operational and/or administrative support

The relative percentage of each client type is available on Sage's Form ADV Part 1. The actual mix of types of clients changes over time based upon market conditions, business plans and other factors.

For accounts governed by the Employee Retirement Income Security Act of 1972, as amended ("ERISA"), Sage acknowledges that it is a fiduciary to the plan under Section 3(38) of ERISA. In providing its services, the sole standard of care imposed upon Sage is to act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

Sage provides customized services to meet the unique needs of each Client. Additional details are presented in Item 4 – Advisory Services

## **ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGY AND RISK OF LOSS**

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While generally pursuing a value-based methodology in its investment approach, Sage investment strategies do not fall into fixed style classifications. Rather, each Client's portfolio is custom tailored to specific investment objectives and risk considerations. All portfolios are constructed with prevailing long-term trends in mind.

Sage will typically manage accounts using individual issues. Equities are selected for inclusion in a portfolio by way of the methods described below. Sage may also choose to invest client money in fixed income instruments, mutual funds, money market funds and where appropriate, real estate limited partnerships.

Individual Investments are chosen based upon a due diligence process which involves in-house valuation, third party reporting and portfolio monitoring. Sage does not constrain its investments to a benchmark as it relates to weighting, capitalization, country of origin or valuation parameters.

### **METHODS OF ANALYSIS**

*Fundamental Analysis:* Sage uses fundamental analysis in making investment decisions with respect to investment securities. Fundamental analysis is the process of analyzing a company's financial value through ratio analysis, utilizing financial data provided by the individual company. This technique looks at both the absolute and relative performance of the company's financial health and prospects. Sage utilizes fundamental analysis to provide insights on the trends in the individual business as well as the comparative strengths versus other companies in the industry. These criteria are usually ratio's and trends that may indicate the overall strength and financial viability of the entity being analyzed.

Sage considers macroeconomic factors as well as issue specific factors. Macroeconomic factors considered by Sage include, but are not limited to:

- General economic conditions
- Inflation trends
- Interest rate and the yield curve
- Market volatility and trends
- Monetary policies
- Legislative actions
- Sector Valuations

Issue specific factors include, but are not limited to:

- Earnings
- Cash flow coverage

- Credit worthiness
- Balance sheet strength
- Dividend stability
- Cash generation
- Top-Line revenue growth
- Margin stability and growth
- Interest coverage
- Leverage
- Liquidity
- Solvency
- Asset efficiency
- Unique considerations

Companies are deemed suitable for investment when they meet certain criteria that suggest the value of the stock may be discounted by the broad market. Generally, Sage seeks to invest in companies selling at a discount to their intrinsic value. This method is known generally as “value – based investing”.

**Technical Analysis:** Technical Analysis is used for analyzing various economic, price and market trends. These trends both short and long term are used for determining specific trade entry and exit points in conjunction with fundamental analysis. These trends may include put/call ratios, pricing trends, moving averages, volume, changes in volume, and point and figure charts among others. These indicators do not speak to the financial health of an issuer, but instead focus on price action. Indicators are also used to gauge overall market sentiment and risk levels.

**Mutual Funds/Outside Managers:** Although the focus on Sage’s investment methodology is individual issues, mutual funds may be used in certain portfolios. Sage may use various databases of information in order to facilitate the discovery process on each mutual fund investment manager utilized by Sage.

Sage may invest certain Client’s assets with independent managers that pursue investment strategies that may be complementary to Sage’s investment strategies or better fulfill the Client’s investment objectives. These managers may be diversified among multiple strategies, asset classes, regions, industry sectors and securities. Sage considers both quantitative and qualitative factors when evaluating outside managers including:

- Expense Ratios and Fees
- Manager Tenure
- Manager adherence to portfolio guidelines and investment philosophy
- Performance relative to an appropriate benchmark and peer groups
- Legal and/or other regulatory proceeding that may affect the manager
- Material changes in the organization, investment philosophy and/or personnel
- Risk management process
- Relative performance during various time periods and market cycles
- Any other factor deemed appropriate by Sage including previous experience

**Tactical Strategies and ETF’s:** Sage manages additional investment strategies that are not directly valued based depending upon the account size and client investment objectives. These include equity and exchange traded funds (ETF) strategies. When utilizing a tactical strategy, total return objectives may change over the course of a market cycle based on market conditions. This objective can change from high to low risk.

**Risk of Loss:** Investing in securities involves certain investment risks. Securities may fluctuate in value or lose value. Client’s should be prepared to bear potential risk of loss. Sage will assist Clients in determining an

appropriate strategy based on their tolerance for risk and other factors noted above. However, there is no guarantee that a Client will meet their investment goals.

Each Client engagement will entail a review of the Client's investment goals, financial situation, time horizon, tolerance for risk and other factors to develop an appropriate strategy for a Client's account. Client participation in this process, includes full and accurate disclosure of required information and is essential for the analysis of a Client's portfolio. The Advisor shall rely on the financial and other information provided by the Client or their designees without the duty or obligation to validate the accuracy and completeness of the provided information. It is the responsibility of the Client to inform the Advisor of any changes in financial condition, goals or other factors that may affect this analysis.

## **ITEM 9: DISCIPLINARY ACTION**

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Jeffrey Malone was involved in a regulatory action which was resolved on 03/10/2014. For additional information please search CRD #2141255 at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **ITEM 10: OTHER FINANCIAL ACTIVITIES OR AFFILIATIONS**

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Some Investment Advisor Representatives of our firm serve as sales agent for various insurance companies. This activity is done separate and apart from their roles as employees of our firm. These Investment Advisor Representatives may receive customary commissions and other related revenues from the various insurance companies whose products they sell. Some compensation may be in the form of sales incentives. Commissions generated by insurance sales do not offset regular advisory fees. Sage Capital Advisors, LLC does not receive any portion of the commissions, other related revenues, or sales incentives. Clients should be aware that the receipt of commissions and sales incentives causes a conflict of interest when recommending certain products of the insurance companies. Clients are under no obligation to purchase any insurance products that are recommended. Further, in order to mitigate this conflict of interest, our Investment Advisor Representatives will follow their fiduciary duty and act in the clients' best interest.

## **ITEM 11: CODE OF ETHICS, PARTICIPATION IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

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*Code of Ethics:* Sage has implemented a Code of Ethics that defines our fiduciary commitment to each Client. This Code of Ethics applies to all persons associated with Sage. The Code of Ethics was developed to provide general ethical guidelines and specific instructions regarding our duties to Clients. Sage and its personnel owe a duty of loyalty, fairness and good faith towards each Client. It is the obligation of Sage associates to adhere not only to the specific provisions of the Code, but to the general principles that guide the Code.

The Code of Ethics covers a range of topics that may include; general ethical principles, reporting personal securities trading, reportable securities, initial public offerings and private placements, reporting ethical violations, distribution of the Code of Ethics, review and enforcement processes and amendments to the Form ADV and supervisory procedures.

Sage has written its Code of Ethics to meet and exceed regulatory standards. To request a copy of our Code of Ethics, please contact us at the number on the cover page.

**Personal Trading and Conflicts of Interest:** Sage allows our employees and contractors to purchase and sell the same securities that may be recommended to and purchased on behalf of Client's. Owning the same securities recommended to Clients presents a potential conflict of interest that, as fiduciaries we must disclose to Clients and mitigate through policies and procedures.

As noted above, we have adopted, consistent with Section 204A of the Investment Advisors Act of 1940, a Code of Ethics, which addresses insider trading (material non-public information controls) and personal securities reporting procedures. The majority of Sage's investing is in widely traded stocks. Given the volume of these stocks, it is unlikely that trading of Sage employees will have any material impact on the stock being traded.

Sage has also adopted written policies and procedures to detect the misuse of material, non-public information. Sage may have an interest or position in certain securities, which may also be recommended to Clients. At no time, will Sage or any associated person of Sage transact in any security to the detriment of a Client.

Sage is a fee only advisor, who in all circumstances is compensated solely by the Client. Sage does not engage in any commissionable securities transactions or buying securities from or selling securities to its Clients. As a fee only registered investment advisor ("RIA"), Sage does not have a broker-dealer relationship and does not sell commissionable securities products of any kind to its Clients.

## **ITEM 12 BROKERAGE PRACTICES**

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Sage does not have discretionary authority to select the broker-dealer/custodians for custodial and execution services. The Client will select the broker-dealer or custodian (herein the "Custodian") to safeguard Client assets and authorize Sage to direct trades to this Custodian as agreed in the investment Management Agreement. Further, Sage does not have the discretionary authority to negotiate commissions on behalf of Client's on a trade-by-trade basis. Where Sage does not exercise discretion over the selection of the Custodian, it may recommend the custodian(s) to Clients for execution and/or custodial services. Clients are not obligated to use the recommended Custodian and will not incur any extra fee or cost associated with using a broker not recommended by Sage. Sage may recommend a Custodian based on criteria such as, but not limited to, reasonableness of commissions charged to the Client, services made available to the Client and location of the Custodian's office.

Sage typically recommends to Clients that they establish their brokerage account(s) at the Institutional Services Division of Fidelity Investments ("Fidelity") or Charles Schwab and Co ("Schwab").

Fidelity and Schwab are independent and unaffiliated SEC registered broker-dealers and FINRA members. Fidelity and Schwab offer independent investment advisor services, which include custody of securities, trade execution, clearance and settlement of transactions. Sage receives benefits from Fidelity and Schwab through its participation in their programs.

Sage considers several factors in selecting and recommending brokers and Custodians for its Client's accounts, including, but not limited to, execution capabilities, experience and financial stability, reputation and quality of services provided. Sage is not affiliated with or related to Fidelity or Schwab. All trading executed via Fidelity and Schwab is subject to best execution review by Sage.

**Soft Dollars:** Soft dollars are revenue programs offered by broker-dealers whereby an advisor enters into an agreement to place security trades with the broker in exchange for research and other services. **Sage does not participate in soft dollar programs sponsored or offered by any broker-dealer.**

That said, we receive, without cost to us, computer software and related systems support because our clients maintain assets with these custodians and, which allows us to better monitor accounts. The software and related systems support benefits us but may not benefit Clients directly. Our receipt of these types of benefits from a

custodian create a conflict of interest since these benefits may influence our recommendation of one custodian over another that does not furnish similar software, systems support or services. Additionally, we receive: receipt of duplicate client confirmation and bundled duplicate statements; access to a trading desk that exclusively service the custodians' respective institutional division participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to accounts; and access to an electronic communication network for order entry and account information.

Many of the above benefits are generally considered to be "soft dollar" arrangements. As a result of receiving such products and services at no cost, Sage has incentive to recommend to Clients custodians that offer soft dollar arrangements. However, these types of arrangements are similar and common to the custodial relationships of other registered investment advisory firms in the industry. We periodically evaluate custodians to determine whether the benefits we receive are reasonable in relation to the value of services provided to our Clients.

**Brokerage Referrals:** Sage does not receive any compensation from Fidelity, Schwab or any other entity in connection with the recommendation or establishing a brokerage account.

**Directed Brokerage:** All Clients are serviced on a "directed brokerage basis" where Sage will place trades within the established account(s) at the custodian designated by the Client. Such custodian designation may be made in accordance with a recommendation by Sage, as noted above, or independently by the Client. Further, all Client accounts are traded within their respective brokerage account(s). Clients may use the custodian recommended by Sage. In such cases, the recommendation of a specific broker-dealer will be in accordance with Sage's duty to seek best execution.

If a Client uses a custodian of their own choosing and not recommended by Sage, Sage will not be obligated to select competitive bids on securities transactions and does not have an obligation to seek the lowest available transaction costs. These costs are determined by the designated custodian and Sage is not subject to best execution review.

Sage will not engage in any principal transactions (trade of a security from the Advisors own account). Cross transactions with other Client accounts (purchase of one security into one Client account from another Client account) may be executed when the trade is in the best interest of both parties. Prior to execution of a cross trade, Sage will obtain informed consent from both Clients. In no case will Sage receive any compensation related to the transaction.

**Aggregating and Allocating Trades:** The primary objective in placing orders for the purchase and sale of securities for Client accounts is to obtain the most favorable net results considering such factors as

- Price
- Size of order
- Difficulty of execution
- Confidentiality
- Skill required of the broker

Sage will execute its transactions through an unaffiliated broker-dealer selected by the Client.

Sage may aggregate orders in a block trade or trades when securities are purchased or sold through the same broker-dealer for multiple discretionary accounts. If a block trade cannot be executed in full at the same price or time, the securities purchased or sold by the close of each business day must be allocated in a manner that is consistent with the initial pre-allocation or other written statement. This must be done in a way that does not consistently provide advantage or disadvantage to Client accounts.

## ITEM 13: REVIEW OF ACCOUNTS

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**Frequency of Reviews:** Accounts are monitored on an ongoing basis by Sage for adherence to the investment strategy and Client Objectives. Investment Management and supervision over the securities in the Client portfolio are performed on an ongoing basis by Sage as applicable.

**Causes for Review:** In addition to the investment monitoring noted in item 13.A, each Client account will be reviewed at least annually. Review may be conducted more frequently at the Client's request. Accounts may be reviewed as a result of major changes in economic conditions, known changes to a Client's financial situation and large deposits or withdrawals from a Client account. The Client is encouraged to notify Sage of changes that occur in their personal financial situation that may affect their investment plan. Additional reviews may be triggered by material market, economic or political events.

**Review Reports:** The Client will receive brokerage statements monthly but no less than quarterly from the Trustee or Custodian. These brokerage statements are sent directly from the Custodian to the Client. The Client may also establish electronic access to the Custodian's website, so the Client may review these reports and their account activity. Client brokerage statements will include all positions, transactions and fees relating to the Client's account(s).

## ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

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**Compensation received by Sage:** Sage is a fee-only advisor, who in all circumstances is compensated solely by the Client. Sage does not receive commission or other compensation from product sponsors, broker dealers or any unrelated third party. Sage may refer Clients to various third-parties to provide certain financial services necessary to meet the goals of its Clients. Likewise, Sage may receive referrals of new Clients from a third-party.

**Client referrals from Solicitors:** If a Client is introduced to Sage by either an unaffiliated party or by a Sage affiliate, Sage may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisors Act of 1940 and any corresponding state securities law requirements. Any such referral fees shall be paid solely from the investment management fees earned by Sage and shall not result in any additional charge to the Client. If the Client is introduced to Sage by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of their solicitor relationship.

To do so, the Solicitor will provide each prospective Client with a copy of Sage's Form ADV Part 2 (the written disclosure statement also known as the "brochure"), a copy of the solicitor's written disclosure document and a statement to the Client disclosing the terms of the solicitation agreement between Sage and the solicitor, including the compensation to be received by the solicitor of the firm.

## ITEM 15: CUSTODY

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While our firm does not maintain physical custody of client assets (which are maintained by a qualified custodian, as discussed above), we are deemed to have custody of certain client assets if given the authority to withdraw assets from client accounts, as further described below under "Third Party Money Movement." All our clients receive account statements directly from their qualified custodian(s) at least quarterly upon opening of an account. We urge our clients to carefully review these statements. Additionally, if our firm decides to send its own account statements to clients, such statements will include a legend that recommends the client compare the account statements received from the qualified custodian with those received from our firm. 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:

On February 21, 2017, the SEC issued a no-action letter (“Letter”) with respect to 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 authorization (“SLOA”) is deemed to have custody. As such, our firm has adopted the following safeguards in conjunction with our custodian:

- The client provides an instruction to the qualified custodian, in writing, that includes the client’s signature, the third party’s name, and either the third party’s address or the third party’s account number at a custodian to which the transfer should be directed.
- The client authorizes the investment adviser, in writing, either on the qualified custodian’s form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
- The client’s qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client’s authorization, and provides a transfer of funds notice to the client promptly after each transfer.
- The client has the ability to terminate or change the instruction to the client’s qualified custodian.
- The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client’s instruction.
- The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
- The client’s qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

### ITEM 16: INVESTMENT DISCRETION

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**Discretionary Portfolio Management:** Any limitation imposed on the discretionary authority of Sage shall depend on the terms of the agreement governing Sage’s relationship with each Client. In those cases where Sage has full discretionary authority over Client accounts and the client has not imposed any specific restrictions, Sage will generally have unlimited discretionary authority without obtaining specific consent, to determine:

- Securities to be bought and sold
- Amount of the securities to be bought and sold

**Non-Discretionary Portfolio Management:** Non-discretionary portfolio management is understood to mean that Sage must first get Client permission before placing any trades to buy or sell securities in a Client account. Sage is free to determine the timing of a transaction; however, permission must first be obtained from the Client. Clients should be aware that delays in granting permission for a transaction may hinder Sage’s ability to effectively manage a portfolio.

### ITEM 17: VOTING CLIENT SECURITIES

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Sage will generally vote proxies on behalf of Clients. Exceptions are made for Clients who wish to vote their own proxies or have retained the services of a third-party to vote proxies on their behalf. Further, mutual funds retained by Sage may seek to vote proxies of portfolio holdings managed by that mutual fund. Sage has a fiduciary duty to act solely in the best interests of its Clients when exercising proxy voting authority. Sage will vote client securities in a timely manner and make voting decisions that are in the best interests of Clients.

Every effort is made to vote proxies in a way which Sage believes will maximize the monetary value of each portfolio's holdings.

If at any time, Sage believes that to vote a proxy in accordance with its policies and procedures would be contrary to the best interests of Clients, Sage may, in its discretion

1. Elect not to vote that proxy and provide Clients with the opportunity to vote directly;
2. Vote the proxy in accordance with a third-party voting recommendation; or
3. Abstain from voting.

Sage will not have any duty or obligation to advise or take any action on behalf of Client or Client's account in any legal proceedings, including bankruptcies or class actions involving securities held in or formerly held in the account of the issuers of securities.

## **ITEM 18: FINANCIAL INFORMATION**

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

- Sage does not require the prepayment of more than \$1,200 in fees and six or more months in advance
- Sage does not take custody of client funds or securities
- Sage does not have financial condition or commitments that impair our ability to meet contractual and fiduciary obligations to clients

Sage has never been the subject of a bankruptcy proceeding.