

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

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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, 2015

## **Material Changes**

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Our last annual update was filed on April 1, 2014 at this time there are no material changes to report.

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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## 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; 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 December 31, 2014, Sage manages approximately \$380,123,630 in assets for approximately 125 clients. Approximately \$273,036,160 is managed on a discretionary basis, and \$107,087,470 is managed on a non-discretionary basis.

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### Tailored Relationships

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

Fees may be negotiable in certain instances.

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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. Clients may elect to be invoiced directly for advisory services.

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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.

Clients enrolled in private and separately managed accounts may incur additional fees.

## **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, , 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.

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.

## **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**

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Sage is an investment manager to the Excel Alternative Strategies fund and a General Partner to the Excel Alternative Sage GP, LLC. This fund is closed to new investors and clients of Sage are not solicited to invest in the fund.

## **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.

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.

## **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.

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.

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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**

Custodians 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 custodians 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 custodians to our firm in the performance of our investment decision-making responsibilities.

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

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#### Order Aggregation

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.

## **Review of Accounts**

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#### Periodic Reviews

Account reviews are performed quarterly by advisors Lawrence Busch, President, and Howard Gottlieb, Managing 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 currently has a compensation relationship with the accounting firm of Adelman Katz and Mond LLP. Adelman Katz and Mond LLP receives 25% of advisory fees generated by Sage.

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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.