

Item 1

Cover Page

# Sage Financial Group, Inc.

SEC File Number: 801 – 61553

## Brochure

**Dated 3/16/2020**

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**This brochure provides information about the qualifications and business practices of Sage Financial Group, Inc. If you have any questions about the contents of this brochure, please contact us at (484) 342-4400 or [jsion@sagefinancial.com](mailto:jsion@sagefinancial.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.**

**Additional information about Sage Financial Group, Inc. also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). References herein to Sage Financial Group, Inc. as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.**

## **Item 2           Material Changes**

Sage Financial Group, Inc. (the “Registrant”) reports no material changes to this Brochure since the last annual update, which was filed with the SEC on March 13, 2019 however certain routine, non-material updates have been made throughout this Brochure.

The Registrant will provide clients with a summary of any material changes to this Brochure since the Registrant’s last annual update within 120 days of the close of the Registrant’s fiscal year end. The Registrant will provide additional interim disclosure about material changes, if warranted. For a current copy of the Registrant’s Brochure, please contact us at (484) 342-4400 or [jsion@sagefinancial.com](mailto:jsion@sagefinancial.com).

## **IMPORTANT NOTE ABOUT THIS BROCHURE**

***This Brochure is not:***

- ***an offer or agreement to provide advisory services to any person;***
- ***an offer to sell interests (or a solicitation of an offer to buy interests) in any fund advised by the Registrant (as defined in this disclosure);***
- ***a complete discussion of the features, risks or conflicts associated with any fund advised by the Registrant.***

*As required by the Investment Advisers Act of 1940, as amended (“Advisers Act”), the Registrant provides this Brochure to current and prospective clients. The Registrant may also, in its discretion, provide this Brochure to current or prospective investors in certain funds, together with other relevant offering materials, such as the fund’s private placement memorandum, prior to, or in connection with, such persons’ investment in such funds.*

*Although this Brochure describes the investment advisory services of the Registrant, persons who receive this Brochure (whether or not from the Registrant) should be aware that it is designed solely to provide information about the Registrant as necessary to respond to certain disclosure obligations under the Advisers Act. As such, the information in this Brochure may differ from information provided in relevant offering materials.*

*More complete information about each fund advised by the Registrant is included in relevant offering materials which may be provided to current and eligible prospective investors only by the Registrant or its authorized agents. If there is any conflict between information conveyed in this disclosure document and that conveyed in any offering materials, the information contained in the relevant offering materials shall be deemed to govern and control.*

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## Item 4      **Advisory Business**

- A. Sage Financial Group, Inc. (the “Registrant”) is a corporation formed on October 28, 1991 in the Commonwealth of Pennsylvania. The Registrant became registered as an Investment Adviser Firm in 1989. The Registrant is owned by Alan J. Cohn, Stephen L. Cohn, Mitchell Bednoff, and John Sion.
- B. As discussed below, the Registrant offers to its clients (individuals, pension and profit sharing plans, business entities and trusts, etc.) investment advisory services, and to the extent specifically requested by a client, financial planning and related consulting services.

### **INVESTMENT ADVISORY SERVICES**

The client can engage the Registrant to provide discretionary and/or non-discretionary investment advisory services on a *fee* basis. Sage’s annual advisory fee shall be based upon a percentage of the assets placed under Sage’s management, as set forth below in Item 5. Prior to engaging the Registrant to provide investment advisory services, clients are generally required to enter into an *Investment Advisory Agreement* with the Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided and applicable fees. To the extent requested by a client, the Registrant will recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance agents, etc.). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Registrant. Generally, the Registrant utilizes mutual funds, exchanged traded funds, and exchange traded notes when developing client portfolios. See Table 1 for discussion of the risks associated with these investment vehicles.

**Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note:** It remains the client’s responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising the Registrant’s previous recommendations and/or services.

### **FAMILY OFFICE SERVICES**

Through its family office services initiative, the Registrant provides clients with independent and objective insight into the key areas of their financial lives, without additional charges or fees. These areas could include: (i) retirement/financial independence planning, (ii) education funding/planning, (iii) income management planning, (iv) tax planning as it relates to investments, (v) concentrated stock management/stock option planning, (vi) life insurance, (vii) disability insurance, (viii) long term care insurance, (ix) real estate financing, (x) estate planning, (xi) social security analysis, (xii) elder care planning, and (xiii) survivor spouse needs. In each of these financial areas, the Registrant will review the solutions its clients have in place to make sure they are appropriate for their situation and goals, paying close attention to optimizing their effectiveness and cost-efficiency, and partner with their other professional advisors, such as their accounting, legal, and insurance professionals, keeping their family office services appropriately coordinated and closely monitored.

The Registrant, as warranted, recommends the services of other professionals for certain non-investment implementation purposes, i.e., attorneys, accountants, insurance professionals, etc. The client is under no obligation to work with any such professional and retains absolute discretion over all implementation decisions and is free to accept or reject any recommendation from the Registrant. **Please Note:** It remains the client's responsibility to promptly notify the Registrant if there is ever any change in his/her/its situation for the purpose of reviewing/evaluating/revising the Registrant's previous recommendations and/or services.

**Please Note: Family Office Service Limitations.** These services are compiled and presented without charge. The client is under no obligation to avail themselves of family office services, and under no obligation to engage the services of any other recommended professional. In many cases, the Registrant does not have the authority to effect changes with regard to any recommendations. The Registrant does not provide tax or legal advice. Clients are urged to consult with their estate attorney, accountant, insurance agent, and/or other advisers to effect changes to the documents or plans subject to recommendations. Clients should be prepared to compensate these other professionals for work performed on their behalf. Clients should bear in mind that analyses and projections offer no guarantee of the successful achievement of goals.

## MISCELLANEOUS

**Independent Managers.** In certain situations, the Registrant will allocate (and/or recommend that the client allocate) a portion of a client's investment assets among unaffiliated independent investment managers in accordance with the client's designated investment objective(s). In such situations, the *Independent Manager[s]* shall have day-to-day responsibility for the active discretionary management of the allocated assets. The Registrant shall continue to render investment advisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. Factors which the Registrant shall consider in recommending *Independent Manager[s]* include the client's designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research. When the Registrant recommends an *Independent Manager*, the client should be aware that he/she will potentially have the ability to buy these services from the *Independent Manager* directly and/or through another party unrelated to the Registrant.

**Retirement Rollovers - Potential for Conflict of Interest.** The Registrant works with clients to facilitate retirement account rollovers. A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If the Registrant recommends that a client roll over their retirement plan assets into an account to be managed by the Registrant, such a recommendation creates a conflict of interest if the Registrant will earn an advisory fee on the rolled over assets. No client is under any obligation to roll over retirement plan assets to an account managed by the Registrant. **The Registrant's Chief Compliance Officer remains available to address any questions that a client or prospective client has regarding the potential for conflicts of interest presented by any rollover recommendations.**

**ERISA / IRC Fiduciary Acknowledgment.** If the client is: (i) a retirement plan (“Plan”) organized under the Employee Retirement Income Security Act of 1974 (“ERISA”); (ii) a participant or beneficiary of a Plan subject to Title I of ERISA or described in section 4975(e)(1)(A) of the Internal Revenue Code, with authority to direct the investment of assets in his or her Plan account or to take a distribution; (iii) the beneficial owner of an Individual Retirement Account (“IRA”) acting on behalf of the IRA; or (iv) a Retail Fiduciary with respect to a plan subject to Title I of ERISA or described in section 4975(e)(1)(A) of the Internal Revenue Code: then the Registrant represents that it and its representatives are fiduciaries under ERISA or the Internal Revenue Code, or both, with respect to any investment advice provided by the Registrant or its representatives or with respect to any investment recommendations regarding an ERISA Plan or participant or beneficiary account.

**Structured Products.** In certain situations, the Registrant periodically recommends structured product investments to eligible clients. Structured investment products are generally underwritten by major investment banks and typically linked to either individual equity market indexes or baskets of indexes and often offer some of the following features: full or partial principal-protection, enhanced upside participation, caps on the maximum returns, knock-out barrier notes and/or absolute return characteristics. Most structured products will represent unsecured debt of the issuing investment bank and will carry the credit risk of that company, although occasionally they are principal-protected FDIC-insured notes. Of course, like all other investments, there can be no guarantee that the performance of such products will be profitable or achieve any specific performance level during up and/or down markets. In many cases, when the Registrant recommends a structured product, the client could buy these products from the issuer directly and/or through another party unrelated to the Registrant.

**Affiliated Private Investment Funds.** Where appropriate, the Registrant provides investment advice regarding private investment funds, including those affiliated with the Registrant’s Principals. Where appropriate, the Registrant, on a non-discretionary basis, recommends that qualified clients consider allocating a portion of their investment assets to the affiliated private funds. The terms and conditions for participation in the affiliated private funds, including management and incentive fees, conflicts of interest, and risk factors, are set forth in the fund’s offering documents. The Registrant’s clients are under absolutely no obligation to consider or make an investment in any private investment fund(s).

Specifically, the Registrant’s Principals are affiliated with the following private investment funds and/or business ventures (collectively the “*affiliated private funds*”):

**Sage Qualified Opportunity Fund I, L.P.** – a private real estate investment fund formed to invest in eligible property that is located in an Opportunity Zone, utilizing participating investor gains from a prior investment for funding purposes. The General Partner is Sage Goldstein Investors LLC, owned and operated by a third-party asset manager and the Registrant’s Principals, Alan J. Cohn, Stephen L. Cohn, Mitchell Bednoff, and John Sion. The Registrant serves as investment adviser to this fund.

**Sage Real Estate Fund VII, L.P.** – a private real estate investment fund formed for purposes of investing in unaffiliated private real estate investments, the General Partner for which, Sage Real Estate Group, II, LLC is owned and operated by the Registrant’s Principals, Alan J. Cohn, Stephen L. Cohn, Mitchell Bednoff, and John Sion. The Registrant serves as investment adviser to this fund.

Sage Real Estate Fund VI, L.P. – a private real estate investment fund of funds formed for purposes of investing in unaffiliated private real estate investments, the General Partner for which, Sage Real Estate Group, II, LLC is owned and operated by the Registrant’s Principals, Alan J. Cohn, Stephen L. Cohn, Mitchell Bednoff, and John Sion. The Registrant serves as investment adviser to this fund. The sponsor of this fund is a client of the Registrant, which presents a **conflict of interest**. To mitigate any perceived conflict of interest because of this fact, the Registrant conducts periodic client account reviews to ensure that no client is advantaged over another.

Sage Real Estate Fund V, L.P. – a private real estate investment fund formed for purposes of investing in unaffiliated private real estate investments, the General Partner for which, Sage Goldstein Investors, LLC is owned and operated by a third-party asset manager and the Registrant’s Principals, Alan J. Cohn, Stephen L. Cohn, Mitchell Bednoff, and John Sion. The Registrant serves as investment adviser to this fund.

Sage Real Estate Fund IV, L.P. – a private real estate investment fund formed for purposes of investing in unaffiliated private real estate investments, the General Partner for which, Sage Real Estate Group, II, LLC is owned and operated by the Registrant’s Principals, Alan J. Cohn, Stephen L. Cohn, Mitchell Bednoff, and John Sion. The Registrant serves as investment adviser to this fund.

**Please Note:** Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund’s offering documents, which will be provided to each qualified client for review and consideration. Unlike other liquid investments, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

**Please Also Note: Conflict Of Interest.** Because the Registrant’s Principals and/or their affiliates can earn compensation from the *affiliated private funds* that exceeds the fee that the Registrant would earn under its standard “assets under management” fee schedule referenced in Item 5.A below, the recommendation that a client become an investor in the *affiliated private funds* presents a **conflict of interest**. To mitigate this conflict of interest, the Registrant carefully qualifies eligible clients, and recommends private fund allocations as a means to more broadly diversify client portfolios. No client is under any obligation to become an investor in the *affiliated private funds*. **The Registrant’s Chief Compliance Officer, John J. Sion, remains available to address any questions regarding this conflict of interest.**

**Please Also Note: Valuation.** In the event that the Registrant references private investment funds owned by the client on any supplemental account reports prepared by the Registrant, the value(s) for all such private investment funds shall reflect either the initial purchase and/or the most recent valuation provided by the fund sponsor. If the valuation reflects the initial purchase price (and/or a value as of a previous date), the current



value(s) (to the extent ascertainable) could be **significantly more or less** than the original purchase price. Annual fund audit statements generally contain information related to valuation.

**Client Obligations.** In performing its services, the Registrant shall not be required to verify any information received from the client or from the client's other professionals and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising the Registrant's previous recommendations and/or services.

**Disclosure Statement.** A copy of the Registrant's written Brochure as set forth herein (Part 2A of Form ADV) shall be provided to each client prior to, or contemporaneously with, the execution of the *Investment Advisory Agreement*.

- C. With the exception of private fund offerings, the Registrant shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, the Registrant shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client is permitted, at any time, to impose reasonable restrictions, in writing, on the Registrant's services.
- D. The Registrant does not participate in or sponsor a wrap fee program. **Please Note (Wrap/Separate Managed Account Programs):** In the event that the Registrant provides Investment Advisory Services in conjunction with an unaffiliated wrap-fee program, the Registrant will generally be unable to negotiate commissions and/or transaction costs. Under a wrap program, the wrap program sponsor arranges for the investor participant to receive investment advisory services, the execution of securities brokerage transactions, custody, and reporting services for a single specified fee. Participation in a wrap program may cost the participant more or less than purchasing such services separately. **The Registrant's Chief Compliance Officer, John J. Sion, remains available to address any questions that a client or prospective client has about these arrangements and any corresponding perceived conflict of interest such arrangements create.**
- E. As of December 31, 2019, the Registrant had \$1,951,197,480 in assets under management on a discretionary basis and \$244,183,786 in assets under management on a non-discretionary basis.

## **Item 5 Fees and Compensation**

- A. The client can determine to engage the Registrant to provide discretionary and/or non-discretionary investment advisory services on a *fee* basis.

### **INVESTMENT ADVISORY SERVICES**

If a client determines to engage the Registrant to provide discretionary and/or non-discretionary investment advisory services on a *fee* basis, the Registrant's annual investment advisory fee shall be based upon a percentage (%) of the market value and type of assets placed under the Registrant's management (between 0.25% and 1.00%) as follows:

<u>Market Value of Portfolio</u>	<u>% of Assets</u>
First \$1,000,000	1.00%
\$1,000,001 - \$3,000,000	0.75%
\$3,000,001 - \$5,000,000	0.50%
\$5,000,001 - \$10,000,000	0.30%
Over \$10,000,000	0.25%

Important Notes to Fee Schedule:

- Minimum Assets Under Management: \$1,000,000.
- The minimum threshold for fees and/or Assets Under Management is at times adjusted based upon an estimation of the complexity and time anticipated for the services to be rendered.
- This fee schedule became effective on March 25, 2013.
- Clients who engaged the Registrant's services prior to March 25, 2013 were grandfathered under their pre-existing fee schedules as same are annexed to the *Investment Advisory Agreement* between the client and the Registrant.
- Fee assessments will be pro-rated for partial periods in which client accounts are managed by the Registrant.

Fee Calculation: The advisory fee for all clients shall be payable quarterly, in advance, based upon the market value of the assets in the account on the last day of the previous quarter. For only the first quarterly billing cycle, the Registrant's fee for the investment management services provided under an *Investment Advisory Agreement* shall be calculated and assessed monthly, rather than quarterly. Specifically, the fee shall be calculated in advance, based upon the market value of the assets under management in the account on the last day of the month directly before each of the three months included in the client's first quarterly billing cycle. The first quarterly billing cycle begins the subsequent month the client's assets are transferred to an account under the Registrant's management. No annual minimum fee will be charged for the client's first quarterly fee.

The Registrant's annual investment advisory fee shall include investment advisory services, and, to the **extent specifically requested** by the client, family office services.

**FAMILY OFFICE SERVICES**

The Registrant provides clients with independent and objective insight into the key areas of their financial lives, without additional charges or fees. In many cases, the Registrant does not have the authority to effect changes with regard to life management recommendations. Clients are urged to consult with their estate attorney, accountant, insurance agent, and/or other advisers to effect changes to the documents or plans subject to recommendations. Clients should be prepared to compensate these other professionals for work performed on their behalf.

- B. Clients may elect to have the Registrant's advisory fees deducted from their custodial account. In such situations, both the Registrant's *Investment Advisory Agreement* and the custodial/clearing agreement authorize the custodian to debit the account for the amount of the Registrant's investment advisory fee and to directly remit that management fee to the Registrant in compliance with regulatory procedures. In the limited event that the Registrant bills the client directly, payment is due upon receipt of the Registrant's invoice. The Registrant shall deduct fees and/or bill clients quarterly in advance, based upon the market value of the assets in the account on the last day of the previous quarter.

- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, the Registrant shall generally recommend that Charles Schwab and Co., Inc. ("*Schwab*") and/or Fidelity Investments ("*Fidelity*") serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *Schwab* and *Fidelity* charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). In addition to the Registrant's investment management fee, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g., management fees and other fund expenses). When a portion of a client's assets are allocated to an *Independent Manager*, the client will be subject to the management fee of the *Independent Manager* on that portion of the allocation in addition to the advisory fee of the Registrant. Please see Item 12 for more information about the Registrant's brokerage practices.
- D. The Registrant's annual investment advisory fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets in the account on the last day of the previous billing quarter. The Registrant generally requires a \$1,000,000 minimum asset level and a \$10,000 annual minimum fee for investment advisory services. The Registrant, in its sole discretion, will at times reduce its investment management fee and/or reduce or waive its minimum asset or fee requirement based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.). When calculating advisory fees, the Registrant will generally aggregate account values for each client relationship, which will typically include accounts of both spouses and minor children and will (at the exclusive discretion of the Registrant) occasionally include adult children as well.

The *Investment Advisory Agreement* between the Registrant and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*. Upon termination, the Registrant shall refund to the client the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

E. Private Fund Fees and Compensation

**Fees and Compensation:** As it relates to private funds, the Registrant typically charges a quarterly advisory fee (the "management fee") as described in relevant offering documents. Fees and other compensation paid by a fund to the Registrant will at times vary from fund to fund and will at times be different from the fees and compensation payable in respect of any successor fund. Investors should carefully review the offering documents of the relevant fund in conjunction with this Brochure for complete information about fees and compensation. Similar advisory services may be available from other investment advisers for similar or lower fees.

**Performance Fees:** In addition to the payment of ongoing management fees, the funds (and indirectly the limited partner investors) are also required to pay the General Partner of the fund, an affiliate of the Registrant, performance fees based upon a percentage of a fund's return on invested capital if certain minimum rate of return thresholds are achieved.

Management fees, performance-based compensation, and/or any other compensation payable to the Registrant or its affiliates by a fund are generally negotiated with the fund or its underlying investors and depend on, among other factors, the amount of capital committed to the fund.

**Other Fees and Expenses:** The Registrant is liable for its normal operating overhead and administrative expenses, including salaries, bonuses and benefits, office facilities, back office support, accounting, management/finance functions, marketing, travel, and other management-related costs.

Clients of the Registrant bear certain other fees, expenses, and costs (aside from the management fees and performance-based compensation discussed above) which are incidental or related to the maintenance of the fund or the buying, selling, and holding of investments.

These fees and expenses include, but not necessarily be limited to:

- The fees and expenses of professional advisers such as legal counsel, administrators, custodians, consultants, and accountants.
- Any taxes or fees assessed by government jurisdictions or their agents that are levied against the fund.
- Expenses related to the preparation, printing and distribution of reports to the limited partners of the fund.
- Any insurance, indemnity or litigation expenses relating to the fund's activities.
- All other costs incurred related to the administration of the fund or authorized by the fund's offering documents.

**Deduction of Fees and Timing of Payment:** The Registrant (or its affiliates) is authorized under the offering documents of each fund to charge and deduct advisory fees directly from the contributed capital and/or other assets of the applicable fund. Management fees are generally payable by a fund on a quarterly basis. The General Partner of the fund typically makes capital calls on investors for their pro rata share of fund expenses (including management fees). Following the dissolution of a fund, the General Partner of the fund will, in accordance with the partnership agreement, make a final determination of all items of income, gain, loss, and expense. After payment or provision for payment of all liabilities and obligations of the fund, the remaining assets, if any, will, in accordance with the partnership agreement, be distributed to investors.

- F. Neither the Registrant, nor its representatives accept compensation from the sale of securities or other investment products.
- G. The Registrant generally does not charge an asset-based advisory fee on the cash portion of the client's account.
- H. In certain situations, the Registrant discounts fees.
- I. Wrap/Separately Managed Account Programs. Under a wrap fee arrangement, participating clients select the money manager(s) wherein their funds are placed with one or more money managers and all administrative and management fees, including trading costs and custody, are wrapped into one comprehensive fee charged by the wrap program sponsor (i.e., the unaffiliated broker-dealer). Clients would pay all fees under these arrangements to the wrap sponsor each quarter, with the Registrant receiving a share of these fees from the sponsor. Further fee details would be made available to participating

clients in the wrap sponsor's Form ADV Part 2A and/or Appendix 1, which the wrap sponsor delivers directly to program participants.

## **Item 6 Performance-Based Fees and Side-by-Side Management**

In addition to the compensation discussed in Item 5 – *Fees and Compensation*, affiliates of the Registrant, as the General Partners of affiliated or advised private funds, are eligible to receive performance-based compensation, sometimes referred to as “carried interest.” Carried interest is equal to a percentage of the private fund's net profits. Any performance-based compensation will be paid in accordance with Section 205(3) of the Advisers Act and the applicable rules promulgated thereunder, which specify certain qualification thresholds for clients being assessed such a fee. Any share of profits paid to the General Partners of the funds is separate and distinct from the management fees charged by the Registrant for advisory services to the funds. Performance fees are subject to individualized negotiation with the limited partners investing in each fund.

Carried interest in a fund creates an incentive for the Registrant and the fund's General Partner to make more speculative investments for the funds than it would otherwise make in the absence of such performance-based compensation. However, conflicts of interest associated with carried interest are mitigated by: (i) the requirement that the General Partner have a capital commitment to the fund; and (ii) certain other mitigating factors which are unique to each fund.

Outside of the private fund structure described above, the Registrant does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

## **Item 7 Types of Clients**

The Registrant's clients generally include individuals, pension and profit sharing plans, business entities and trusts, as well as private funds. The Registrant generally requires a \$1,000,000 minimum asset level and a \$10,000 annual minimum fee for investment advisory services. The Registrant, in its sole discretion, is authorized to reduce its investment management fee and/or reduce or waive its minimum asset or fee requirement based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.). When calculating advisory fees, the Registrant will generally aggregate account values for each client relationship, which will typically include accounts of both spouses and minor children and (at the exclusive discretion of the Registrant) occasionally include adult children as well. Asset and fee minimums, if any, for the Registrant's private funds are specified in each fund's offering documents.

## **Item 8 Methods of Analysis, Investment Strategies and Risk of Loss**

- A. The Registrant utilizes the following methods of security analysis:
- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)

The Registrant utilizes the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases - (securities held at least a year)

**Please Note: Investment Risk.** Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by the Registrant) will be profitable or equal any specific performance level(s).

- B. The Registrant's methods of analysis and investment strategies do not present any significant or unusual risks.

However, every method of analysis has its own inherent risks. To perform an accurate market analysis the Registrant must have access to current/new market information. The Registrant has no control over the dissemination rate of market information; therefore, unbeknownst to the Registrant, certain analyses may be compiled with outdated market information, severely limiting the value of the Registrant's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

The Registrant's primary investment strategies, Long Term Purchases, is a fundamental investment strategy. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy.

- C. Currently, the Registrant primarily allocates client investment assets among various fixed income securities, mutual funds, exchange traded funds, exchange traded notes, alternative investments, and/or *Independent Manager[s]*, on a discretionary and non-discretionary basis in accordance with the client's designated investment objective(s). (See *Independent Manager[s]* above).
- D. Risk of Loss: It is important that clients understand that risk of loss must generally be assumed in order to achieve long-term investment objectives. The Registrant does not offer any guarantee that the strategies it recommends and/or employs within client portfolios will produce desired results or avoid loss. Investing money in the financial markets carries with it numerous risks. The primary risk involved in the Registrant's approach is market risk. Included in this risk is the possibility of loss stemming from market declines in various asset classes, rising interest rates, and rising credit spreads, among other influences.

While the Registrant strives to construct portfolios that are diversified, there is no guarantee that market forces will not overwhelm diversification efforts, subjecting clients to correlation risk. Recognizing that assuming some type of risk is unavoidable, the Registrant takes a risk-based approach to minimize the probability and magnitude of losses. Such risk management steps include proper asset and sector allocation, proactive tactical shifts to exploit opportunities or avoid risks, in-depth and independent research, financial planning, client education, and regular portfolio monitoring and client reviews.

Finally, regular communication with clients plays a critical role in maintaining a prudent and successful long-term investment program. Please see **Table 1** at the end of this disclosure for an important summary of the primary investment risks and the steps taken by the Registrant to

minimize these risks. Please note this list is intended to highlight primary risks of investing assets with the Registrant but does not capture all such risks.

## **Item 9           Disciplinary Information**

The Registrant and its employees have not been the subject of any legal or disciplinary actions.

## **Item 10          Other Financial Industry Activities and Affiliations**

- A. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, or a representative of the foregoing.
- C. **Affiliated Private Investment Funds.** The Registrant's Principals are affiliated with certain private investment funds. The Registrant, on a non-discretionary basis, recommends that qualified clients consider allocating a portion of their investment assets to one or more affiliated private funds. The terms and conditions for participation in the affiliated private funds, including management and incentive fees, conflicts of interest, and risk factors, are set forth in the fund's offering documents. The Registrant's clients are under absolutely no obligation to consider or make an investment in any private investment fund(s).

Specifically, the Registrant's Principals are affiliated with the following private investment funds and/or business ventures (collectively the "*affiliated private funds*"):

Sage Qualified Opportunity Fund I, L.P. – a private real estate investment fund formed to invest in eligible property that is located in an Opportunity Zone, utilizing participating investor gains from a prior investment for funding purposes. The General Partner is Sage Goldstein Investors LLC, owned and operated by a third-party asset manager and the Registrant's Principals, Alan J. Cohn, Stephen L. Cohn, Mitchell Bednoff, and John Sion. The Registrant serves as investment adviser to this fund.

Sage Real Estate Fund VII, L.P. – a private real estate investment fund formed for purposes of investing in unaffiliated private real estate investments, the General Partner for which, Sage Real Estate Group, II, LLC is owned and operated by the Registrant's Principals, Alan J. Cohn, Stephen L. Cohn, Mitchell Bednoff, and John Sion. The Registrant serves as investment adviser to this fund.

Sage Real Estate Fund VI, L.P. – a private real estate investment fund of funds formed for purposes of investing in unaffiliated private real estate investments, the General Partner for which, Sage Real Estate Group, II, LLC is owned and operated by the Registrant's Principals, Alan J. Cohn, Stephen L. Cohn, Mitchell Bednoff, and John Sion. The Registrant serves as investment adviser to this fund. The sponsor of this fund is a client of the Registrant, which presents a **conflict of interest**. To mitigate any perceived conflict of interest because of this fact, the Registrant conducts periodic client account reviews to ensure that no client is advantaged over another.

Sage Real Estate Fund V, L.P. – a private real estate investment fund formed for purposes of investing in unaffiliated private real estate investments, the General Partner for which, Sage Goldstein Investors, LLC is owned and operated by a third-party asset manager and the Registrant’s Principals, Alan J. Cohn, Stephen L. Cohn, Mitchell Bednoff, and John Sion. The Registrant serves as investment adviser to this fund.

Sage Real Estate Fund IV, L.P. – a private real estate investment fund formed for purposes of investing in unaffiliated private real estate investments, the General Partner for which, Sage Real Estate Group, II, LLC is owned and operated by the Registrant’s Principals, Alan J. Cohn, Stephen L. Cohn, Mitchell Bednoff, and John Sion. The Registrant serves as investment adviser to this fund.

**Please Note:** Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund’s offering documents, which will be provided to each qualified client for review and consideration. Unlike other liquid investments, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

**Please Also Note: Conflict Of Interest.** Because the Registrant’s Principals and/or their affiliates can earn compensation from the *affiliated private funds* that exceed the fee that the Registrant would earn under its standard “assets under management” fee schedule referenced in Item 5.A, the recommendation that a client become an investor in the *affiliated private funds* could present a **conflict of interest**. To mitigate this conflict of interest, the Registrant carefully qualifies eligible clients, and recommends private fund allocations as a means to more broadly diversify client portfolios. No client is under any obligation to become an investor in the *affiliated private funds*. **The Registrant’s Chief Compliance Officer, John J. Sion, remains available to address any questions regarding this conflict of interest.**

**Please Also Note: Valuation.** In the event that the Registrant references private investment funds owned by the client on any supplemental account reports prepared by the Registrant, the value(s) for all such private investment funds shall reflect either the initial purchase and/or the most recent valuation provided by the fund sponsor. If the valuation reflects the initial purchase price (and/or a value as of a previous date), the current value(s) (to the extent ascertainable) could be **significantly more or less** than the original purchase price. Annual fund audit statements generally contain information related to valuation.

- D. **Third Party Relationships.** As with other private equity fund sponsors, the Registrant, the Principals, and other employees develop relationships with third parties which have the potential to raise conflicts of interest. The Chief Compliance Officer is a Principal of the Registrant, and in this capacity, is generally informed about third party engagements or relationships, which provides for the identification, mitigation, and/or disclosure of material conflicts of interest.
- E. **Licensed Insurance Agents.** Stephen L. Cohn, Co-President of the Registrant, in his individual capacity holds a PA insurance license. Mr. Cohn refers all insurance business to outside brokers who are responsible for fulfilling all suitability, disclosure, and other relevant requirements to meet applicable insurance laws. As a rule, Mr. Cohn does not



share in the insurance commissions generated by clients who are referred to outside brokers. However, in very limited circumstances, Mr. Cohn receives insurance commissions on policies wherein the named beneficiary is a Principal of the Registrant or the Registrant itself.

- F. **Marsano Law, LLC.** Relative to the estate planning component of family office services, the Registrant is partnering with Maylee Marsano, principal of Marsano Law, LLC. Ms. Marsano works with Registrant clients and their immediate family members on matters related to trusts and estates planning. Services include the review of existing documents and estate plans, assisting in the establishment of new estate plans, and, for clients who are residents of Pennsylvania and New Jersey, drafting estate documents. Ms. Marsano also handles estate administration matters. See Item 4 – *Advisory Business* for more information about family office services.
- G. The Registrant does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

## **Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

- A. The Registrant maintains an investment policy relative to personal securities transactions. This investment policy is part of the Registrant’s overall Code of Ethics, which serves to establish a standard of business conduct for all of Registrant’s representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Advisers Act, the Registrant also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the Registrant or any person associated with the Registrant.

- B. As disclosed above, the Registrant’s Principals and/or their affiliates have a financial interest in the *affiliated private funds*. The Registrant, on a non-discretionary basis, recommends that qualified clients consider allocating a portion of their investment assets to the *affiliated private funds*. The terms and conditions for participation in the *affiliated private funds*, including management and incentive fees, conflicts of interest, and risk factors, are set forth in the fund’s offering documents. The Registrant’s clients are under absolutely no obligation to consider or make an investment in a private investment fund(s). The Registrant’s Chief Compliance Officer, John J. Sion, remains available to address any questions that a client or prospective client has regarding the above arrangement and any corresponding perceived conflict of interest such arrangement creates.
- C. Should representatives of the Registrant buy or sell securities that are also recommended to clients, they may be in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as “scalping” (i.e. a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if the Registrant did not have adequate policies in place to detect such activities. In addition, this requirement can help

detect insider trading, “front-running” (i.e., personal trades executed prior to those of the Registrant’s clients) and other potentially abusive practices.

The Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Registrant’s “Access Persons” to avoid such conflicts of interest. The Registrant’s securities transaction policy requires that an Access Person of the Registrant provide the Chief Compliance Officer or his designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his designee with a written report of the Access Person’s current securities holdings at least once each twelve (12) month period thereafter on a date the Registrant selects. Finally, each Access Person must provide the Chief Compliance Officer or his designee with a written report of the Access Person’s securities transactions in certain reportable securities each calendar quarter.

**Restricted List:** The Registrant maintains a Restricted List which represents a list of securities ineligible for personal securities transactions by Access Persons due to a potential conflict of interest. No Access Person is permitted to effect for himself or herself or for his or her immediate family (i.e. spouse, minor children, and adults living in the same household as the officer, director, or employee, and trusts for which the employee serves as a trustee or in which the employee has a beneficial interest) any transactions in a reportable security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any clients, unless in accordance with the following procedures.

If the Registrant is purchasing or considering for purchase any exchange listed security on behalf of the Registrant’s client, the security will be added to the Restricted List and no Access Person is permitted to transact in that security until the security has been removed from the Restricted List; and if the Registrant is selling or considering the sale of any exchange listed security on behalf of a Registrant client, no Access Person is permitted to transact in that security until the security has been removed from the Restricted List. The Registrant has imposed a de minimus threshold wherein Access Persons are permitted to buy and sell exchange traded funds on the Restricted List for transactions of \$2,000 or less. Transactions in open-end mutual funds and/or variable insurance products are not likely to have an impact on the prices of the fund shares in which clients invest and are therefore not prohibited under the Code of Ethics.

**Private Placements and Limited Opportunities:** Access Persons are permitted to invest in private placements and limited offerings (including those sponsored by Registrant clients) as long as there are no material conflicts with client interests. The Registrant maintains policies and procedures detailed in its Code of Ethics to ensure that Access Person investment in these opportunities do not crowd out Registrant clients nor impede the Registrant’s fiduciary duty. The Registrant’s Chief Compliance Officer is responsible to pre-approve all Access Person investment in private or limited offerings. The Registrant has not and will not favor any client in terms of fees or allocation of investments in exchange for Access Person opportunities to invest in private or limited offerings sponsored by clients.

- D. As a fiduciary, the Registrant will always strive to place client interests first and foremost. The Registrant’s compliance policies and procedures are designed to ensure that the fiduciary standard of care is evident in all interactions with and on behalf of clients. The

Registrant's compliance policies govern a number of business practices including gifts, entertainment, charitable contributions, and the outside business activities of Access Persons. These controls include maintaining records of gifts and entertainment, limiting the dollar value of gifts, monitoring entertainment activities, and monitoring outside activities to identify and mitigate potential conflicts of interest.

- E. Current or prospective clients may obtain a copy of the Registrant's Code of Ethics by contacting us at (484) 342-4400 or [jsion@sagefinancial.com](mailto:jsion@sagefinancial.com).

## Item 12 Brokerage Practices

- A. The Registrant has adopted trading policies and procedures which prohibit unfair trading practices and seek to avoid any conflicts of interest or resolve conflicts in the clients' favor. If a conflict of interest does exist, it is our fiduciary duty to manage and disclose it responsibly. The Registrant has adopted written policies and procedures for trade documentation, trade allocation and aggregation, best execution, and resolution of trade errors. The Registrant's representatives must follow these policies and procedures which are tested by the Compliance Department to ensure their effectiveness. Some of these important policies are highlighted below.
- B. In the event that the client requests that the Registrant recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that direct the Registrant to use a specific broker-dealer/custodian), The Registrant generally recommends that investment management accounts be maintained at *Schwab* and/or *Fidelity*, both FINRA-registered broker-dealers and members of SIPC. The Registrant is independently owned and operated and not affiliated with *Schwab* or *Fidelity*. *Schwab* or *Fidelity* will hold your assets in a brokerage account and buy and sell securities when the Registrant instructs them to do so. While the Registrant recommends clients use *Schwab* or *Fidelity* as a custodian/broker, clients will decide whether to do so. The Registrant does not directly open the account for clients, but will assist in the paperwork required to do so. Prior to engaging the Registrant to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with the Registrant setting forth the terms and conditions under which the Registrant shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that the Registrant considers in recommending *Schwab* and/or *Fidelity* (or any other broker-dealer/custodian to clients) include historical relationship with the Registrant, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by the Registrant's clients shall comply with the Registrant's duty to obtain best execution, a client will in certain situations pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the Registrant determines, in good faith, that the commission/transaction fee is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including:

- Combination of transaction execution services along with asset custody services (generally without a separate fee for custody);
- Capability to execute, clear and settle trades (buy and sell securities for your account);

- Capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, etc.);
- Breadth of investment products made available (stocks, bonds, mutual funds, exchanged traded funds and notes, etc.);
- Availability of investment research and tools that assist us in making investment decisions;
- Quality of services;
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them;
- Reputation, financial strength and stability of the provider;
- Their prior service to us and our other clients; and
- Availability of other products and services that benefit us, as discussed below.

Accordingly, although the Registrant will seek competitive rates, it will not always obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, the Registrant's investment management fee. The Registrant's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

For our clients' accounts it maintains, the custodian generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your custodial account. However, the custodian generally earns revenue by asset management fees on cash invested in various custodian money market investment vehicles in your account. In addition to per trade fees, the custodian charges you a flat dollar amount as a "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited into your custodial account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have the custodian execute most trades for your account. We have determined that having your custodian execute most trades is consistent with our duty to seek "best execution" of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above.

1. Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, the Registrant receives from *Schwab* and/or *Fidelity* (or another broker-dealer/custodian) without cost (and/or at a discount) support services and/or products, certain of which assist the Registrant to better monitor and service client accounts maintained at such institutions. Included within the support services obtained by the Registrant are investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, contributions to charitable causes associated with the Registrant and/or its representatives, computer hardware and/or software (including partial payment for Tamarac, a web-based platform designed for registered investment

advisers) and/or other products used by the Registrant in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products received assist the Registrant in managing and administering client accounts. Others do not directly provide such assistance, but rather assist the Registrant to manage and further develop its business enterprise. These support services are generally available on an unsolicited basis (we don't have to request them) and at no charge to us.

The custodians in some cases provide some of the services described above directly to us or arrange for third-party vendors to provide the services to us. The custodians also in some cases discount or waive their fees for some of these services or pay all or a part of a third party's fees. Schwab also provide us with other benefits. This creates an incentive to recommend that you maintain your account with these custodians.

The Registrant's clients do not pay more for investment transactions effected and/or assets maintained at *Schwab* and/or *Fidelity* as a result of this arrangement. There is no corresponding commitment made by the Registrant to *Schwab* and/or *Fidelity* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities, or other investment products as a result of the above arrangement.

To mitigate the conflicts noted above, the Registrant maintains policies and procedures and a compliance testing program to ensure that client interests are placed first and foremost in our dealings with custodians and recommendations to clients about custodian selection.

**The Registrant's Chief Compliance Officer, John J. Sion, remains available to address any questions that a client or prospective client has regarding the above arrangement and any corresponding perceived conflict of interest such arrangement creates.**

2. Other Benefits

From time to time, Registrant representatives attend a seminar or conference that relates to the business of the Registrant. For example, a representative may attend a mutual fund conference wherein the custodian or sponsor pays for the representative's conference fees and travel expenses. The Registrant does not solicit these benefits and they are not offered to induce the Registrant to maintain client assets with or trade with these custodians or sponsors. Nonetheless, there is a conflict of interest between the Registrant's fiduciary duty to clients and the benefits the Registrant receives as outlined above. To mitigate such conflicts, all such activities must be pre-approved by the Chief Compliance Officer, be reasonable in value, directly relate to the business of the Registrant, and also be in keeping with applicable compliance policies.

3. The Registrant does not receive referrals from broker-dealers.

4. The Registrant does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and the adviser will not seek best execution services or prices from other broker-dealers or be able to "batch" the client's

transactions for execution through other broker-dealers with orders for other accounts managed by the adviser.

**Please Note:** In the event that the client directs the Registrant to effect securities transactions for the client's accounts through a specific broker-dealer in the future, the client correspondingly acknowledges that such direction could in certain cases cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements available through the Registrant.

**The Registrant's Chief Compliance Officer, John J. Sion, remains available to address any questions that a client or prospective client has regarding the above arrangement.**

- C. To the extent that the Registrant provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless the Registrant decides to purchase or sell the same securities for several clients at approximately the same time. The Registrant will often (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Registrant's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among participating clients in proportion to the purchase and sale orders placed for each client account on any given day. The Registrant shall not receive any additional compensation or remuneration as a result of such aggregation.
- D. As a matter of policy, the Registrant does not conduct agency cross transactions. An 'agency cross transaction' occurs when the investment adviser acts as broker for the advisory client and the other party to the trade. Agency cross transactions arise if an adviser is or affiliates with a broker-dealer. The Registrant is not a broker-dealer and is not affiliated with a broker-dealer. The Registrant does not cross trades between client accounts.

### **Item 13      Review of Accounts**

- A. For those clients to whom the Registrant provides investment supervisory services, account reviews are conducted on an ongoing basis by the Registrant's Principals and/or representatives. All investment supervisory clients are advised that it remains their responsibility to inform the Registrant of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review Life Management issues (to the extent applicable), investment objectives and account performance with the Registrant on an annual basis.
- B. The Registrant conducts account reviews on an "other than periodic" basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, cash flows, market corrections and client request.
- C. Separate account clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant

provides a written periodic report summarizing account activity and performance. Clients are urged to carefully review and compare any report they received from the Registrant to statements received from their qualified broker-dealer/custodian and/or program sponsor. The Registrant's reports at times vary from custodial statements based on differences between accounting procedures, reporting dates, or valuation methods for certain securities.

- D. The General Partner provides investors in its affiliated private funds with periodic written financial reports and a summary of investments, as required by the offering documents of each fund. Written reports convey to fund investors, at a minimum: (i) audited financial statements and other information on an annual basis in accordance with generally accepted accounting principles, within 120 days after a fund's fiscal year end (or within 180 days after a fund of fund's fiscal year end) as required by the custody rule; and (ii) unaudited summary financial and other information on a quarterly basis.

#### **Item 14      Client Referrals and Other Compensation**

- A. As referenced in Item 12.A.1 above, the Registrant receives direct or indirect economic benefits from *Schwab* and/or *Fidelity* in the form of the support products and services it makes available to the Registrant and other independent investment advisors that have their clients maintain accounts at *Schwab* or *Fidelity*. The Registrant, without cost (and/or at a discount), receives certain support services and/or products from *Schwab* and/or *Fidelity*.

The Registrant's clients do not pay more for investment transactions effected and/or assets maintained at *Schwab* and/or *Fidelity* as a result of this arrangement. There is no corresponding commitment made by the Registrant to *Schwab* and/or *Fidelity* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

**The Registrant's Chief Compliance Officer, John J. Sion, remains available to address any questions that a client or prospective client has regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement creates.**

- B. The Registrant currently uses the services of at least one unaffiliated solicitor. This arrangement(s) is governed by a legal agreement between parties to ensure compliance with applicable federal and state statutes. If a client is introduced to the Registrant by either an unaffiliated or affiliated solicitor, the Registrant pays that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Advisers Act, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from the Registrant's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to the Registrant by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of the Registrant's written Brochure and a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between the Registrant and the solicitor, including the compensation to be received by the solicitor from the Registrant. It is the responsibility of the Registrant to fully qualify each prospective client to ensure their suitability for the products and services offered by the Registrant.

The Registrant currently uses the services of two unaffiliated solicitors who are also clients. This arrangement(s) is governed by a legal agreement between parties to ensure compliance with applicable federal and state statutes. If a client is introduced to the Registrant by this unaffiliated solicitor, the Registrant pays that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Advisers Act, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from the Registrant's investment management fee, and shall not result in any additional charge to the client. At the time of the solicitation, the solicitor shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of the Registrant's written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between the Registrant and the solicitor, including the compensation to be received by the solicitor from the Registrant. It is the responsibility of the Registrant to fully qualify each prospective client to ensure their suitability for the products and services offered by the Registrant.

**Please Note: Conflict Of Interest.** The fact that this solicitor is a client of the Registrant presents a **conflict of interest**, as the Registrant could be incentivized to favor this client in some way in order to garner more client referrals. The Registrant has adopted compliance policies, procedures, and internal controls to ensure that no client is favored as a result of referred business.

The Registrant pays one or more employees for soliciting clients. In each case, this internal solicitation arrangement is governed by a legal agreement between the Registrant and employee to ensure compliance with applicable federal and state statutes. If a client is introduced to the Registrant by this internal solicitor, the Registrant pays that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Advisers Act, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from the Registrant's investment management fee and shall not result in any additional charge to the client. At the time of the solicitation, the internal solicitor shall disclose the nature of his/her relationship with the Registrant.

**The Registrant's Chief Compliance Officer, John J. Sion remains available to address any questions that a client or prospective client has regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement creates.**

## **Item 15      Custody**

### **A. Direct Fee Debit**

Custody occurs when an adviser or related person directly or indirectly holds client funds or securities or has the ability to gain possession of them. In most cases, the Registrant shall have its advisory fee for each client debited from the client's account by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written or electronic transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. They will be sent to the email or postal mailing address you provided to the custodian. The Registrant also provides a written periodic report summarizing account activity and performance.

Clients are responsible to select qualified custodians to hold funds and securities within investment accounts managed on their behalf. With regard to direct fee deduction arrangements, the Registrant performs a



periodic due inquiry to ascertain that the qualified custodian sends an account statement, at least quarterly, to each client for which the qualified custodian maintains funds or securities.

#### B. Third-Party Standing Letters of Authorization

In accordance with regulatory guidance, the Registrant has custody if it has the authority to transfer client funds to a non-account owner pursuant to a Standing Letter of Authorization (“SLOA”). Under a third-party SLOA, the client account owner generally executes a document for the custodian that permits the Registrant to transfer funds from the account to a person or entity other than the account owner (i.e., for payment of bills, insurance premiums, taxes, etc.) on an ongoing basis (rather than requiring the account owner to pre-authorize the transfer, in writing, each time), after having provided standing instructions to do so.

In accordance with regulatory guidance, and to avoid a surprise custody exam, the Registrant only permits third party SLOAs when ALL the following seven criteria are met:

- Client provides written instruction to custodian, signed by the client, and includes recipient’s name and address or name and account number at the custodian to which the transfer is to be directed.
- Client provides written authorization to adviser (on custodial form or separately), to direct transfers to the third party either on a specified schedule or from time to time.
- Client’s custodian verifies client’s instruction, such as signature review or other method, and provides transfer of funds notice to client promptly after each transfer.
- Client has the ability to terminate or change instruction to custodian.
- The Registrant has no authority or ability to designate or change the identity of the third party, address, or any other information about the third party.
- The Registrant maintains records showing that the third party is not a related party of the Registrant or located at the same address as the Registrant.
- Custodian sends the client initial and annual written notices confirming the instruction.

#### C. First-Party Standing Letters of Authorization

In certain situations, custody includes first party transfers of funds among a client’s own accounts held at different custodians. For the Registrant to avoid a surprise custody exam, the client must provide written, signed authorization to the sending custodian, specifying the name and account numbers on the sending and receiving accounts (routing number or name of receiving custodian), such that the sending custodian has a record that the client has identified the accounts for which the transfer is being effected as belonging to the client. If these criteria cannot be satisfied, then the Registrant must treat the situation as a third-party SLOA, which is discussed above.

**Please Note:** To the extent that the Registrant provides clients with periodic account statements or reports, the client is urged to carefully compare any statement or report provided by the Registrant with the account statements received from the account custodian. The Registrant’s reports at times vary from custodial statements based on differences between accounting procedures, reporting dates, or valuation methods for certain securities. Client questions about these differences should be directed to the Registrant or custodian of record.

**Please Also Note:** The account custodian does not verify the accuracy of the Registrant’s advisory fee calculation.

**Private Funds.** Where applicable under SEC custody rules, private funds advised by the Registrant are subject to an annual audit prepared in accordance with Generally Accepted Accounting Principles (“GAAP”) by a qualified independent auditor who is registered and inspected by the Public Company Accounting Oversight Board (“PCAOB”). Audited financial statements are distributed to fund investors within 120 days of the fund’s fiscal year-end (or 180 days of the fund of fund’s fiscal year-end) as required under the Advisers Act.

Upon the final liquidation of a fund, the Registrant or a designated party will obtain a final audit and distribute audited financial statements prepared in accordance with GAAP to all investors promptly after completion of the audit.

**Other Custody Arrangements.** The Registrant engages in other practices and/or services on behalf of its clients that require disclosure in the Custody section of Part 1 of Form ADV, which practices and/or services are subject to an annual surprise CPA examination in accordance with the requirements of Rule 206(4)-2 under the Advisers Act. The Registrant's Chief Compliance Officer, John J. Sion, CFP, remains available to address any questions that a client or prospective client has regarding custody-related issues.

## Item 16 Investment Discretion

- A. The client can determine to engage the Registrant to provide investment advisory services on a discretionary basis. Prior to the Registrant assuming discretionary authority over a client’s account, the client shall be required to execute an *Investment Advisory Agreement*, naming the Registrant as the client’s attorney and agent in fact, granting the Registrant full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client’s name found in the discretionary account.

Clients who engage the Registrant on a discretionary basis have the option to, at any time, impose reasonable restrictions, **in writing**, on the Registrant’s discretionary authority (i.e., limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe the Registrant’s use of margin, etc.).

- B. Clients have the option to grant trading authority to the Registrant on a non-discretionary basis, which means that the Registrant will be required to contact the client prior to implementing changes in the client account. In such cases, clients will be contacted by telephone or electronic mail and required to accept or reject the Registrant's investment recommendations including: (1) the security being recommended, (2) the number of shares or units transacted, and (3) whether to buy or sell. Clients who authorize the Registrant to act on their behalf on a non-discretionary basis should be aware that if the client cannot be reached or is slow to respond to the Registrant's request for approval, it can have an adverse impact on the timing of trade implementation and therefore the Registrant may not achieve the optimal trading price. Non-discretionary terms of engagement are specifically set forth in an addendum to the *Investment Advisory Agreement*.

## Item 17 Voting Client Securities

- A. The Registrant does not vote client proxies in separate accounts. Thus, unless an *Independent Manager[s]* assumes proxy voting responsibility for client assets, clients maintain exclusive responsibility for: (1) directing how proxies solicited by issuers of securities owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other events types pertaining to the client's investment assets.
- B. Separate account clients will receive their proxies or other solicitations directly from their custodian. Clients should contact the Registrant to discuss any questions related to a particular proxy solicitation.
- C. The Registrant retains certain approval rights relative to its affiliated private funds. These rights are specified in the offering documents of each such fund.

## Item 18 Financial Information

- A. The Registrant does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. The Registrant is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. The Registrant has not been the subject of a bankruptcy petition.

**ANY QUESTIONS: The Registrant's Chief Compliance Officer, John J. Sion, remains available to address any questions that a client or prospective client has regarding the above disclosures and arrangements.**

## Table 1 – Risks Associated with Investments

*As noted in Item 8 above, please read this important summary of primary investment risks and the steps taken by the Registrant to minimize these risks. Please note this list is intended to highlight primary risks of investing assets with the Registrant but does not capture all such risks.*

<b>Risk</b>	<b>Disclosure Statement</b>	<b>Mitigation</b>
Risk of Loss - General	Investing in securities involves risk of loss that clients should be prepared to bear.	Diversification, asset allocation, tactical changes in allocation
Market Fluctuation	Financial markets and the value of investments fluctuate substantially over time, which may lead to losses in the value of client portfolios, especially in the short run.	Investment plan suited to client objectives, liquidity needs, and time horizon
Asset Class Correlations	During times of market turmoil, correlations between asset classes may break down, which may result in higher than expected losses for diversified portfolios.	Constant monitoring, rebalancing, communication, and disclosure

<b>Risk</b>	<b>Disclosure Statement</b>	<b>Mitigation</b>
Mutual Funds	Mutual fund investing involves risk; principal loss is possible. Investors will pay fees and expenses, even when investment returns are flat or negative. Investors cannot influence the securities bought and sold, nor the timing of transactions which may result in undesirable tax consequences.	Portfolio construction and diversification
Exchange-Traded Funds (ETFs) and Exchange Traded Notes (ETNs)	<p>ETFs and ETNs are subject to risks similar to those of stocks and are not suitable for all investors. Shares can be bought and sold through a broker, and the selling shareholder may have to pay brokerage commissions in connection with the sale. Investment returns and principal value will fluctuate so that when shares are redeemed, they may be worth more or less than original cost. Shares are only redeemable directly from the fund. There can be no assurance that an active trading market for the shares will develop or be maintained, and shares may trade at, above or below their NAV.</p> <p>Additionally, ETNs and some ETFs are not structured as investment companies and thus are not regulated under the Investment Company Act of 1940. An ETN's value generally depends on the performance of the underlying index and the credit rating of the issuer. Additionally, the value of the investment will fluctuate in response to the performance of the underlying benchmark. ETFs and ETNs incur fees that are separate from those fees charged by the Registrant. Accordingly, our investments in ETFs and ETNs will result in the layering of fees and expenses.</p>	Portfolio construction and diversification
Fixed Income	Prices of fixed income (debt) securities typically decrease in value when interest rates rise. This risk is usually greater for longer-maturity debt securities. Investments in debt with lower credit ratings (and non-rated credits) are subject to a greater risk of loss to principal and interest than those with higher credit ratings.	Vary maturities, careful selection of securities to match client risk tolerance and time horizon
Foreign Securities	Investments in foreign securities often introduce greater volatility to client portfolios. Additional risks include political risk, currency translation risk, and lack of transparency (accounting methods, regulatory reporting requirements, shareholder protection rules, etc.). These factors at times result in large price swings of foreign security investments, and greater risk of loss.	Diversification and limitations on exposure
Inflation Risk	Risk that increases in the prices of goods and services, and therefore the cost of living, reduce consumer purchasing power.	Security selection
Currency Risk	Currency risk is evident due to the free floating mechanism present in global foreign exchange markets. With a few notable exceptions, the	Diversification and limit investment in international securities

<b>Risk</b>	<b>Disclosure Statement</b>	<b>Mitigation</b>
	value of most global currencies freely floats against one another. U.S. companies and portfolios with non-dollar exposure directly assume foreign exchange risk.	
Liquidity Risk	Risk evident when investors do not have full access to their funds and/or when assets cannot be converted into cash according to normal market settlement standards. Liquidity risk is generally higher for small capitalization stocks, alternative assets, and private placement securities.	Portfolio construction concentrated in mutual funds and ETFs, and longer-term time horizon
Income Risk	Risk that an investment strategy designed to generate a sufficient income, resulting in the inability to sustain a desired lifestyle and/or the need to sell other assets to generate desired income.	Portfolio construction and financial planning to avoid asset depletion
Independent Manager Selection	When client assets are invested by outside professional asset managers, the Registrant does not directly control the investment decisions of outside managers. An independent manager may stray from its stated investment strategy (known as "style drift") or make poor investment decisions which place client assets at greater risk of loss.	Ongoing monitoring and replacement of independent managers as necessary
Private Funds	For certain clients, a portion of their assets are invested in private funds, either of a real estate or private equity nature. There are a number of risks associated with private fund investing, which most notably include liquidity constraints and lack of transparency. A complete discussion of each private fund's risks is set forth in each fund's offering documents, which are provided to each qualified client for review and consideration at the time of investment.	Client qualification process, portfolio diversification, and client discretion to participate
Structured Products	In the event that a structured product issuer becomes insolvent and defaults on their listed securities, investors will be considered unsecured creditors and will have no preferential claims to any assets held by the issuer. Uncollateralized structured products are not asset backed. In the event of issuer bankruptcy, investors can lose their entire investment. Structured products have an expiry date after which the issue becomes worthless. The Exchange requires all structured product issuers to appoint a liquidity provider for each individual issue. The role of liquidity providers is to provide two way quotes to facilitate trading of their products. In the event that a liquidity provider defaults or ceases to fulfill its role, investors will often not be able to buy or sell the product until a new liquidity provider has been assigned.	Careful selection of only high quality issuers, client qualification to match risk and liquidity constraints, diversification and percentage allocation limits
Sociopolitical Risk	Sociopolitical risk is the possibility that instability or unrest in one or more regions of the	Understanding of client objectives, liquidity needs, and time horizon;

<b>Risk</b>	<b>Disclosure Statement</b>	<b>Mitigation</b>
	<p>world will affect investment markets. Terrorist attacks, war, and pandemics are just examples of events, whether actual or anticipated, that impact investor attitudes toward the market in general and result in systemwide fluctuations in currencies as well as prices of securities and commodities.</p>	<p>portfolio construction, diversification, ongoing monitoring, and rebalancing</p>