

Sage Advisory Services, Ltd Co, (Sage, we, our and us) is a registered with the Securities and Exchange Commission as an **investment adviser**. The services provided and fees charged by **investment** advisory and **brokerage** firms differ, and it is important that retail investors understand the differences. Free and simple tools are available to research firms and financial professionals at Investor.gov/CRS, which also provides educational materials about investment advisers, broker-dealers and investing.

## What investment services and advice can you provide me?

We are an **investment advisory firm** that provides asset management for retail investors and other clients.

Retail clients may engage us either directly (“Direct Clients”) or through third party sponsored wrap and model provision fee programs (“Programs”).

Direct Clients have the opportunity to choose from among several risk-based strategies, each managed on a discretionary basis. When we have discretionary authority over your account it means we do not need to get your permission before buying or selling a security in your account. For Programs, the third-party financial institution that has selected us to manage client assets (“Sponsor Firm”) chooses which of our strategies to make available for investment in the respective Program.

Sage regularly monitors and reviews client accounts with the objective of ensuring Sage operates in accordance with: investment policy statements, investment objectives and investment restrictions; written disclosures; management objectives; and Sage’s fiduciary obligation to act in the best interests of its clients. Generally, the minimum account size for Direct Clients is \$1,000,000. For Sponsor Firm Programs, Sponsor Firms will set the minimum account size.

Our investment strategies primarily focus on portfolios of taxable and municipal fixed income securities or actively managed exchange-traded funds (ETF) portfolios. Our taxable and municipal portfolios offer investment strategies in short, intermediate, core duration and environmental, social and governance (ESG) profiles that are implemented using individual fixed income securities. Our actively managed ETF portfolios offer strategies in multi asset income, core plus equity, core plus fixed income and balanced accounts that are implemented using ETFs.

**More detailed information regarding our services is provided in Items 4 and 7 of our Form ADV, Part 2 Brochure at: <https://www.sageadvisory.com/2020-Form-ADV-Part-2A.pdf>.**

*Conversation Starters\*: “Given my financial situation, should I choose an investment advisory service? Why or why not?” “How will you choose investments to recommend to me?” “What is your relevant experience, including your licenses, education, and other qualifications? What do these qualifications mean?”*

## What fees will I pay?

**Fees for Direct Clients.** Generally, we charge fees based on the market value of client accounts at the end of each quarter. A fee structure based on the size of your account creates a conflict of interest. The more assets in your account, the more you will pay in fees, and we therefore have an incentive to encourage you to increase the assets in your account. Our fees are charged quarterly in advance, but some clients are billed in arrears. Our fees are negotiable.

**Fees for Sponsor Firm Fee Programs.** Sponsor Firms set the fees for clients in their Program. These Programs typically charge clients a single fee based on the market value of their account which includes investment management, custody expenses and transaction costs. Fees are paid to the Sponsor Firm, and the Sponsor Firm pays us out of that fee based on the fee structure agreed upon between Sage and the Sponsor Firm. Because the fees paid to the Sponsor Firm include transaction costs and custody expenses, they are generally higher than other investment advisory fee structures. Sage does not have control or influence over the fees charged to clients by Sponsor Firms.

You will also incur costs related to brokerage commissions, transaction fees, fees associated with the ETFs we

\* Conversation Starters are meant to facilitate a conversation between you and your financial professional.

recommend, and other related costs and expenses.

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time.

**More detailed information regarding fees and costs is provided in your investment management agreement and our Form ADV, Part 2 Brochure at: <https://www.sageadvisory.com/2020-Form-ADV-Part-2A.pdf>.**

*Conversation Starters\*: "Help me understand how these fees and costs might affect my investments. If I give you \$100,000 to invest, how much will go to fees and costs, and how much will be invested for me?"*

## **What are your legal obligations to me when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?**

When we act as your investment adviser, we act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates certain conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you. Here are some examples to help you understand what this means:

Clients pay different fees based on differing fee schedules or the size of the account which creates an incentive for Sage to favor those accounts where it earns the highest fees. Sage also manages certain proprietary accounts which are traded alongside client accounts which creates an incentive for Sage to favor proprietary accounts over other client accounts. From time to time, Sage will receive compensation from some registered investment companies to supplement marketing efforts which creates an incentive for Sage to recommend said registered investment companies' products within our strategies.

**More detailed information regarding our conflicts of interest is provided in our Form ADV, Part 2 Brochure at: <https://www.sageadvisory.com/2020-Form-ADV-Part-2A.pdf>.**

*Conversation Starters\*: "How might conflicts of interest affect me, and how will you address them?"*

## **How do your financial professionals make money?**

Generally, our financial professionals' compensation includes an annual fixed salary, which is based on various market factors and the skill and experience of the individual, and a discretionary bonus. The discretionary bonus considers several factors including Sage's profitability (net income and ability to pay a bonus) and the contribution of the individual. Certain financial professionals have an ownership stake in the firm and share in profits. In addition, our Regional Consultants receive incentive pay that is based on a percentage of revenue derived from the clients that become contracted with Sage.

## **Do you or your financial professionals have legal or disciplinary history?**

No. For a free and simple search tool to research us and our financial professionals, please go to [investor.gov/CRS](http://investor.gov/CRS).

*Conversation Starters\*: "As a financial professional, do you have any disciplinary history? For what type of conduct?"*

## **Additional Information**

For additional information about our investment advisory services or to request a copy of this Form CRS, please contact us by telephone at (512) 327-5530, visit our website at <https://www.sageadvisory.com> or by review our Form ADV at <https://adviserinfo.sec.gov/firm/summary/106236>.

*Conversation Starters\*: "Who is my primary contact person?" "Is he or she a representative of an investment adviser or a broker-dealer?" "Who can I talk to if I have concerns about how this person is treating me?"*

# SAGE

INVEST WITH WISDOM™

ITEM 1 – COVER PAGE

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## CLIENT BROCHURE

Date of Brochure: March 26, 2021

This Brochure provides information about the qualifications and business practices of **Sage Advisory Services, Ltd. Co.** If you have questions about the contents of this Brochure, please contact us at (512) 327-5530.

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 is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with, registered, and required to be registered as investment adviser representatives of Sage.

Sage is a registered investment adviser. The registration of an investment adviser does not imply any level of skill or training. The oral and written communications made to you by Sage, including the information contained in this Brochure, should provide you with information to determine whether to hire or retain Sage as your adviser.

Please be aware during your review of our Brochure when we use the words "Sage", "we" and "our" we are referring to **Sage Advisory Services, Ltd. Co.** When we use the words "you", "your" and "client" we are referring to you as our client or our prospective client. We use the term "Associated Person" when referring to our officers, employees, and all individuals providing investment advice on behalf of Sage.

## ITEM 2 – MATERIAL CHANGES

The following is a summary of material changes made to our Brochure since our last annual update dated March 26, 2020.

### Item 4 – Advisory Business

Principal owners were updated to reflect the retirement of one of Sage’s founders, Mark MacQueen

In addition, removed the Sage Intermediate Credit ETF (GUDB) from our Registered Investment Company offerings due to the closure of the Fund.

### Item 5 – Fees and Expenses

Removed the disclosure and conflict of investing the Sage Intermediate Credit ETF (GUDB) within client accounts due to the closure of the Fund.

### Item 12 – Brokerage Practices

Updated our Cross Transaction disclosure due to new policy and procedures.

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## ITEM 4 – ADVISORY BUSINESS

SAGE ADVISORY SERVICES, LTD. CO. is a Securities and Exchange Commission (SEC) registered investment adviser located in Austin, Texas. Sage was founded in 1996 and is organized as a Texas Limited Liability Company.

Sage strictly offers registered investment advisory services and is not affiliated with any broker-dealer and does not provide investment banking or broker-dealer services.

Sage specializes in domestic and international fixed income, balanced and equity portfolio management for individual and institutional clients. Sage offers a commonsense approach toward investing by utilizing strong risk-control disciplines and a process that is repeatable.

Sage's belief is a conscientiously monitored investment management program designed specifically for each client can satisfy clients' constantly changing investment needs. Sage seeks to add value through its investment management process applied based upon each client's investment risk constraints.

Sage's investment management process combines fundamental economic analysis with quantitative security and yield curve valuation techniques to produce a comprehensive core management style.

### PRINCIPAL OWNERS

Sage is independently operated and owned entirely by employees. The principal owners are:

- Robert G. Smith III, its President and Chief Investment Officer
- Robert Peck, Managing Member
- Sean Krasan, Managing Member
- Robert Williams, Managing Member
- Thomas Urano, Managing Member
- Jeffrey Timlin, Managing Member
- Gregory Figaro, Managing Member
- Michael Walton, Managing Member; and
- John Slais, Managing Member

### EDUCATION AND EXPERIENCE

Sage's Associated Persons are expected to have education and business backgrounds that enable them to perform their respective responsibilities effectively. In assigning responsibilities, Sage considers academic background (including studies in college and graduate schools, as well as degrees earned), industry training, licenses and certifications.

Work experience in a related field, such as investments, commodities, insurance, banking or accounting, is also considered.

No formal, specific standards have been set, but appropriate education and experience are required. See ADV Form Part 2B for additional information.

### ASSETS UNDER MANAGEMENT & ASSETS UNDER ADVISEMENT (AUM/AUA)

As of December 31, 2020, Sage manages \$15,691,324,000 in total client assets of which, \$13,743,415,000 is managed on a discretionary basis, \$1,930,568,000 is managed on a model provision basis, and \$17,341,000 is managed on a non-discretionary basis.

### OVERVIEW OF ADVISORY SERVICES

Sage offers investment management services to individuals and high net worth individuals as well as institutional clients, including those clients managed through wrap programs, corporate pension and profit-sharing plans, Taft-Hartley plans, insurance companies, charitable institutions, foundations, endowments, municipalities, registered mutual funds, exchange traded funds, unitized funds, collective investment funds, trust programs, and other U.S. and international institutions.

While Sage generally makes investment decisions on behalf of clients, Sage does permit clients to impose restrictions on investing certain securities or other limitations as mutually agreed upon.

Sage also offers advisory services to clients seeking liability directed investment solutions, fiduciary (3(38)) services, and insurance company specific services.

All clients are subject to a written agreement which describes the nature of our services, limitations, objectives, fees and other matters.

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## INVESTMENT MANAGEMENT

Sage offers a common sense and client objective-driven approach toward investing with strong risk-control disciplines utilizing a repeatable process. Sage distinguishes itself in the following areas:

- Investment Management - Sage seeks to manage each client's portfolio separately and individually to assist them in obtaining their safety, liquidity, income, tax sensitivity, total return and risk expectations.
- Disciplined Process - Sage adheres to a process that focuses on each client's financial objectives within a mutually understood risk tolerance.
- Client Education - Sage educates clients on market trends, economic forces and investment fundamentals to foster a better understanding of investment decisions.
- Investment Reporting - Sage provides clients with convenient password protected access to their account information anytime, from anywhere via Sage's website.

Sage offers certain investment management services to employers sponsoring defined contribution retirement plans with participant-directed investments. As the plan's fiduciary and investment manager, Sage selects and monitors the exchange traded funds that are offered as investment options to participants under the plan's investment menu.

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## INVESTMENT PROCESS AND COMMITTEE

Investment decisions are made by Sage's Investment Committee which is chaired by the Chief Investment Officer.

Decisions with regard to the broad market outlook, investment strategy and client portfolio positioning are determined by the Investment Committee and recorded in the minutes of the semi-monthly meetings.

The Investment Committee's investment decision process is supplemented regularly with economic and quantitative market analysis provided by Sage's internal

research analysts and its external economic and analytic consultants.

After the Investment Committee decides on the duration target, the sector allocation and the security characteristics desired, the portfolio managers, operating on a team basis, implement the decisions reached by the Investment Committee.

Each portfolio is managed separately and tailored to assist respective clients in meeting their safety, liquidity and total return expectations.

It is Sage's belief that only an individually designed and monitored investment management program can satisfy the constantly changing investment needs of each client.

In addition to the Investment Committee, when a client or prospect engages with Sage, they could be interacting with our Portfolio Management team, our Client Service team, or our Institutional and Regional Consultants. Our Institutional and Regional Consultants receive incentive pay that is based on a percentage of revenue derived from the clients that become contracted with Sage.

Please see Item 8 for additional information regarding our investment strategies and please see Item 16 for more information regarding investment discretion and client investment restrictions.

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## INVESTMENT STRATEGIES

Sage offers the following actively managed investment strategies:

- Taxable Fixed Income - Sage's client's objectives range from cash management to total return and high total income. Sage also delivers investment strategies in short, intermediate, core duration and Environmental, Social and Governance ("ESG") profiles. Investment instruments include, but are not limited to, U.S. Government debt, U.S. Corporate debt, U.S. Municipal debt and Securitized Assets, such as mortgage-backed securities and to-be-announced transactions in mortgage-backed securities and other securities ("TBA Transactions").
- Municipal Fixed Income - Sage's client's objectives range from cash management to after-tax total return and high after-tax total income. Sage offers

investment strategies in short, intermediate, core duration and ESG profiles. Investment instruments include, but are not limited to, U.S. Treasury debt, tax-exempt municipal general obligation debt, and tax-exempt municipal revenue debt.

- **Actively Managed Exchange Traded Funds (ETF)** - Sage's client's objectives range from long-term total return to low-volatility income generation. Sage offers strategies in multi asset income, core plus equity, core plus fixed income and balanced accounts. Investment instruments include, but are not limited to, equity, fixed income and alternative ETFs. These strategies include Target Risk, Cash Balance strategies, Income Solutions, ESG Target Risk and certain proprietary accounts.

Please see Item 8 for additional information regarding our investment strategies.

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### **WRAP ACCOUNTS**

Sage manages wrap accounts using the same investment process described above.

The wrap fee program sponsor pays Sage a portion of the wrap fee they receive for investment management services.

While wrap accounts utilizing the same investment strategy generally perform similarly to the applicable Sage composites, there are expected to be performance differences between them. Actual performance results can differ depending on the size of the account, investment guidelines and/or restrictions, inception date, timing of transactions and other factors. Portfolio Managers, the Systems and Operations Department and Compliance perform regular reviews of performance return dispersion in order to reasonably ensure that certain clients are not favored over other clients.

When managing assets for a wrap platform, Sage will trade away with brokers other than the wrap program sponsor. Trading with other brokers is known as trading away (or engaging in "step out" trades). These trades generally involve fixed income securities and do not include commissions. Please see Item 12 for additional information regarding our Brokerage Practices.

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### **MODEL PROVISION SERVICES**

Sage offers model provision ETF allocation services to clients whereby Sage provides the client with an updated model as Sage makes changes to the model. The investment and research process for the Sage Tactical ETF strategies follows the same investment strategy as Sage's Actively Managed ETF strategies described above.

In addition, Sage offers model provision Taxable and Municipal Fixed Income allocation services to clients whereby Sage provides the client analysis on specific fixed income securities to purchase for the portfolio. The investment and research process follows the same investment strategy as the Taxable and Municipal Fixed Income strategies described above.

While model provision accounts that utilize the same investment strategy generally perform similarly to the applicable Sage composites, there are expected to be performance differences between them because Sage does not have trading discretion over these accounts. Actual performance results can differ depending on the size of the account, investment guidelines and/or restrictions, inception date, timing of transactions and other factors.

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### **SAGE COLLECTIVE INVESTMENT FUNDS (CIF)**

Collective Investment Funds (CIFs) are institutional investment vehicles that are solely available for ERISA retirement plans. Like mutual funds, CIFs allow investors efficient access to an investment strategy, offer daily valuation and are easily traded through the National Securities Clearing Corporation (NSCC). Relative to mutual funds, CIFs offer a transparent institutional fee structure and more flexible record keeper pass-through arrangements.

The CIFs are created and sponsored by Reliance Trust Company, that invests in the strategies of Sage Advisory Services, Ltd. Co. which serves as a co-subadvisor along with kPlans Investment Services to the CIFs.

These CIFs are available for investment by eligible qualified retirement plan trusts only and have been created specifically for employer-sponsored retirement plan investors.



## LIABILITY DIRECTED INVESTMENT SOLUTIONS

In addition to traditional investment management services, Sage offers a comprehensive and innovative combination of analytic, investing and reporting services which focus on the key concerns in building an effective Liability Directed Investment management strategy.

Specifically, Sage offers two categories of services:

- Asset/Liability Analysis, and
- Liability Driven Investing.

Sage provides these services independently or conjunctively for its clients. For example, Sage has clients for whom it solely performs Asset/Liability Analysis, clients for whom it solely provides Liability Driven Investing, and finally, clients for whom it performs Asset/Liability Analysis and provides Liability Driven Investing.

Asset/Liability Analysis is the first step in Asset/Liability Management and involves assessing a client's liability structure and existing asset solution given the current applicable regulatory environment by employing the following analyses:

- Term structure assessment
- Dynamic cash flow modeling
- Interest rate & inflation risk sensitivity analysis
- Customized liability benchmark creation
- Gap analysis & risk budget creation
- Deterministic and stochastic modeling of asset returns
- Accounting and statutory projections using actuarial forecasting software (optional)

Liability Driven Investing is the second step in Asset/Liability Management and involves developing and implementing a particular investment management solution given the client's liability structure, funded status and goals. The investment solution will include aa warranted:

- Liability targeted investments
- Long duration portfolio management

- Excess alpha and low correlation investment strategies
- A broad range of investments such as futures, swaps and other derivative instruments, if warranted

If a client retains Sage to perform Asset/Liability Analysis, Liability Driven Investing or both, Sage provides reporting and administration services as follows:

- Daily online investment valuation and activity reports
- Year-round investment compliance and oversight reports
- Customized periodic performance evaluations
- Monthly liability benchmark updates
- Assessment & negotiation of derivative agreements, if required

## FIDUCIARY (3(38)) SERVICES

ERISA Plan Fiduciaries can engage Sage as a co-fiduciary to provide one or more of the following services: investment policy statement assistance, selection and monitoring of investment options, creation and monitoring of investment strategies, asset/liability analytics, and comprehensive reporting.

Specifically, Sage offers two categories of services:

- Fiduciary Services for DC Plans; and
- Pension Risk Management for DB Plans.

### Fiduciary Services

Sage Fiduciary Services provide plan fiduciaries of DC plans with investment selection support, a flexible suite of Qualified Default Investment Alternative (QDIA) options, and comprehensive reporting. Plan investment solutions are generally implemented with index-based mutual funds, ETFs, or CITs which are low-cost, efficient, and transparent. Additionally, as needed, Sage Fiduciary Services will provide non-fiduciary services, including but not limited to employee enrollment and education.

### Pension Risk Management

Sage serves as a fiduciary partner to plan fiduciaries of DB plans by providing asset/liability analytics, an appropriate pension investment solution, and supportive monitoring and reporting. Plan investment solutions are implemented entirely with ETFs which are low-cost, efficient, and transparent.

### **INSURANCE COMPANY SERVICES**

Sage offers a comprehensive and innovative combination of analytic, investing and reporting services which focus on the key concerns in building an effective management strategy for insurance organizations.

#### Insurance Liability Assessment and Analysis

- Term structure analysis
- Dynamic cash flow modeling
- Interest rate & inflation risk sensitivity analysis
- Customized liability benchmark creation
- Gap analysis & risk budget creation
- Balance sheet and income statement projections
- Tax efficiency analysis

#### Insurance Investment Management

- Liability targeted investments
- Long duration portfolio management
- Excess alpha and low correlation investment strategies
- Tax sensitive portfolio management

#### Insurance Reporting and Administration

- Daily online investment valuation and activity reports
- Year-round investment compliance and oversight reports
- Customized quarterly performance evaluations
- Monthly liability benchmark updates
- Statutory insurance reporting, including Schedule D reporting
- Investment Accounting

### **INVESTMENT ADVISORY SERVICES TO REGISTERED INVESTMENT COMPANIES**

Sage acts as a sub-advisor to a registered Fund that is advised by AdvisorShares Investments, LLC. For its sub-advisory services to these Funds, Sage receives an annual

sub-advisory fee based on the average daily value of the assets under management in the Fund(s). Sage currently sub-advises the AdvisorShares Sage Core Reserves ETF (HOLD) advised by AdvisorShares Trust. Please see the Fund's prospectus and Statement of Additional Information for additional information regarding objectives, investments, fees, risks and other additional disclosures.

### **INDEX PROVIDER**

Sage developed the Sage ESG Intermediate Credit Index (the "Index", GUDBESG). The Index measures an investment strategy that aims to maximize exposure to positive Environmental, Social and Governance (ESG) characteristics, while maintaining high liquidity. Created in April 2017, the Index uses a proprietary selection process to identify securities from the Bloomberg Barclays US Intermediate Credit Index with optimal ESG ratings, while closely aligning duration and risk characteristics to the Bloomberg Barclays US Intermediate Credit Index. The Index is owned by Sage but powered by Wilshire, where Wilshire Associates is retained as index consultant and independent calculation agent.

Sage is the index provider and can receive a license fee for providing this Index to other Funds and unrelated third parties.

### **ITEM 5 – FEES AND COMPENSATION**

Sage is compensated by receiving a mutually agreed upon percentage of the assets under management or by receiving a fixed fee.

### **INVESTMENT MANAGEMENT FEE CALCULATION & PAYMENT PROCEDURE**

Sage manages accounts for a variety of individual and institutional clients on a discretionary and/or non-discretionary basis, subject to the investment guidelines contained in their respective client agreement.

- The amounts and specific manner in which fees are charged is negotiated and memorialized in each client's agreement with Sage.
- Sage does not deduct fees from client accounts.

- Sage invoices clients directly.
- Sage generally invoices clients in advance on a quarterly basis and will also invoice in arrears or prorate fees for capital contributions and withdrawals.
- Accounts initiated or terminated during a calendar quarter will be charged a prorated fee.
- On the termination date of an account, any prepaid, unearned fees will be promptly refunded and earned, unpaid fees will be due and payable.
- Sage’s client agreement typically requires 30 days’ notice for termination.

Sage uses account market values to calculate investment performance and client fees, where applicable. Sage uses pricing information provided by Intercontinental Exchange (“ICE”) to value client portfolios. In instances where Sage is unable to determine a price for a security or determines a price received from ICE is not reflective of fair market value, Sage will determine a fair value for that security according to the methodology outlined in Sage’s Portfolio Valuation Policy.

There are inherent conflicts of interest when Sage values client accounts, as higher security prices increase market values, thereby enhancing performance results and increasing fees. In addition, because clients pay different fees based on differing fee schedules or the size of the account, Sage has an incentive to favor those accounts where it earns the highest fees. Sage maintains investment, trade allocation and account valuation (including fair valuation) policies and procedures to address such conflicts of interest. Further, investment performance return dispersion is reviewed regularly by Portfolio Managers, the Systems and Operations Department and Compliance to reasonably ensure certain clients are not favored over other clients.

When providing investment management services to employers sponsoring defined contribution plans with participant-directed investments, Sage will invoice clients directly or as expressly directed by the plan sponsor in the investment management agreement.

#### **INVESTMENT MANAGEMENT FEE SCHEDULES**

Sage’s standard fee schedules (including those for its Model Provision ETF and wrap fee account clients) are

provided below. However, in some instances, Sage will negotiate from its standard fee schedule, or waive fees, based upon the circumstances. Sage maintains investment, trade allocation and account valuation policies and procedures designed to address potential conflicts of interest related to the fact that clients pay varying fees.

<b>Fixed Income Strategies</b>	<b>ETF Strategies</b>
<b>Cash Duration</b>  .20 of 1% to \$10 Million .15 of 1% to \$15 Million Negotiable over \$25 Million	<b>All Cap Core Plus Equity</b> <b>Core Plus Fixed Income</b> <b>Target Risk Portfolios</b> <b>Multi Asset Income</b> <b>ESG Target Risk</b>  .40 of 1% to \$10 Million .35 of 1% on next \$15 Million .25 of 1% on next \$25 Million Negotiable over \$50 Million
<b>Short Duration</b> <b>Moderate Duration</b> <b>Intermediate Duration</b> <b>Core Duration</b> <b>Intermediate Corporate ESG</b> <b>Tax Sensitive ESG</b>  .35 of 1% to \$10 Million .25 of 1% on next \$15 Million .20 of 1% on next \$25 Million Negotiable over \$50 Million	<b>Cash Balance</b>  .40 of 1% to \$3 Million .35 of 1% on next \$7 Million .30 of 1% over \$10 Million Negotiable over \$25 Million
<b>Liability Driven Investment (LDI)</b> <b>Management (6+ Years Duration)</b>  .40 of 1% to \$10 Million .35 of 1% on next \$15 Million .25 of 1% on next \$25 Million Negotiable over \$50 Million	

Sage’s investment management fee for employers sponsoring defined contribution plans with participant-directed investments is negotiable for each particular plan client’s situation and other relevant factors, including but not limited to the size of the plan, number of participants and the plan’s custodial and recordkeeping arrangement.

Clients who select Sage to manage their SMA assets through a wrap fee program will typically do so under a single contract that the client enters into with the sponsor of the wrap fee program (“Sponsor Firm”). Under this kind of arrangement, the client pays an asset-based fee to the Sponsor Firm and, out of that fee, the Sponsor Firm is responsible for paying an investment advisory fee to Sage pursuant to the fee

agreed upon in the sub-advisory agreement between Sage and the Sponsor Firm. Sage's advisory fees are negotiated separately with each Sponsor Firm and will vary from wrap program to wrap program. Further, the fees paid to Sponsor Firms by clients participating in wrap programs will vary and Sage does not have control or influence over the fees charged to clients by Sponsor Firms.

#### **FEE SCHEDULE FOR ASSET/LIABILITY ANALYSIS & ANALYTICS**

Asset/Liability Study:

- Initial Asset/Liability Study Base Fee: \$15,000
- Subsequent Annual Study Fee: \$15,000
- Semi-Annual or Quarterly Update Fee: \$2,500

(Per each inter-period update other than an initial or annual report)

Fees for Asset/Liability Analysis & Analytics will be increased above the fee schedule amount based on Sage's determination of the novelty, complexity and/or time required to perform these analyses. Additionally, any requested revisions, including additional assumption testing and/or scenarios, will result in additional fees depending on the nature and extent of the revisions.

Fixed income management assignments of at least \$25 million requesting the Asset/Liability Study above will be provided the study as part of the overall investment management fee as outlined in the investment management fee schedule above.

In the event the fixed income assignment is less than \$25 million the fees for each of the services will be billed separately as outlined in the Investment Management Fee Schedule and the Fee Schedule for Asset Liability Analysis & Analytics sections above.

In some instances, Sage will negotiate from its standard fee schedule based upon the circumstances. Fees for the Asset Liability services will be billed upon completion and paid prior to sending the final report.

#### **FEE SCHEDULE FOR FIDUCIARY SERVICES**

Fiduciary Services for DC plans:

- .45 of 1% to \$10 Million
- .35 of 1% on next \$15 Million
- .25 of 1% on next \$25 Million
- Negotiable over \$50 Million

Fees for 3(38) fiduciary services are assessed at the plan level and where Sage-managed CITs are components in the plan investment line-up, Sage will charge zero sub-advisor fees for assets placed in the Sage-managed CITs.

Sage, from time to time, selects and works with certain subcontractors to provide Fiduciary Services to DC Plans. In those situations, the subcontractor provides certain related assistance and supporting services to the DC plan on behalf of Sage as an unaffiliated subcontractor to the Sage. As compensation for these services, the subcontractor will receive a portion of the fee payable to the Sage. These fee sharing payments are made from Sage's assets. As a result, the payments from Sage to a subcontractor do not directly impact any DC plan's assets or result in the DC plan's payment of an additional fee.

Pension Risk Management:

- .40 of 1% to \$15 Million
- Minimum fee of \$20,000

#### **SCHEDULE D REPORTING FOR INSURANCE CLIENTS FEE SCHEDULE**

The minimum fee for Schedule D services for Insurance Companies is:

- 2.5 basis points on the net asset value of the entire investment portfolio subject to an annual minimum fee of \$15,000.
- Additional fees are generally charged for additional entities and services, including automated general ledger accounting and backloading data.
- In the event there is more than one investment manager for the portfolio the fee may be higher and is subject to negotiation.
- The fee will be billed quarterly in advance based on the net asset value of the portfolio on the last business day of the preceding quarter.
- If the Schedule D services are terminated (generally upon 7 days' notice) before the end of a quarter, fees paid in advance will be pro-rated for the period and the excess refunded promptly to the client.

## CLIENT'S RESPONSIBILITY OF THIRD-PARTY FEES

Sage's investment management fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients will incur certain charges imposed by custodians, brokers, third party investment advisers and other third parties. Please see Item 12 for additional information about Sage's brokerage practices.

Mutual funds and exchange traded funds also charge internal management fees and other expenses which are disclosed in the fund's prospectus.

Such charges, fees and commissions are exclusive of Sage's fee. Sage does not receive any portion of these commissions, fees and expenses.

## SOLICITATION ARRANGEMENTS

On occasion, Sage enters into solicitation arrangements with other registered investment advisers and broker-dealers pursuant to which representatives of their firms ("Financial Advisors") offer our services to the public. Sage pays a referral fee to the Financial Advisor and/or their firm based upon a percentage of our advisory fee. The total advisory fee in these arrangements is limited to no more than 1.00%. However, in these arrangements, Sage shall not receive any additional compensation beyond our standard investment management fee. In connection with these arrangements, Sage will comply with Rule 206(4)-3 under the Advisers Act. The referral fee is paid pursuant to a written agreement, which is retained by both the Financial Advisor and Sage. This information is disclosed to the client prior to or at the time of entering into an investment advisory agreement with Sage.

## ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Sage does not charge any performance-based management fees.

## ITEM 7 – TYPES OF CLIENTS

Sage offers investment management services to individuals and high net worth individuals as well as institutional clients, including those clients managed through wrap programs, corporate pension and profit-

sharing plans, Taft-Hartley plans, insurance companies, charitable institutions, foundations, endowments, municipalities, registered mutual funds, exchange-traded funds, unitized funds, collective investment funds, trust programs, and other U.S. and international institutions.

Sage generally requires the account minimums listed below; however, account minimums are subject to negotiation.

Client Type	Minimum Account Size
Wrap Program Clients	\$75,000
Wrap Program ESG Clients	\$100,000
Model Provision ETF Clients	\$25,000
Model Provision ETF ESG Clients	\$25,000
Taxable Clients	\$1 million
Municipal Clients	\$1 million
ESG Clients	\$1 million
Actively Managed ETF	\$1 million
Liability Driven Investing	\$10 million
Pension Risk Management	\$1 million
Fiduciary Services for DC Plans	\$1 million
Insurance Company Clients	\$1 million

Sage manages certain proprietary accounts which are traded alongside client accounts which creates an incentive for Sage to favor proprietary accounts over other client accounts. Sage employees are allowed to invest in the Fund(s) for which Sage provides sub advisory services. Sage maintains investment, trade allocation and account valuation (including fair valuation) policies and procedures to address conflicts of interest related to these accounts.

## ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

### ANALYSIS METHODS

Security analysis methods utilized by Sage include the following:

#### FUNDAMENTAL

Fundamental analysis maintains that markets may misprice a security in the short run, but that the "correct" price will eventually be reached by the market. The fundamental analysis of a business involves analyzing a business's financial statements and health, management and competitive advantages, and competitors and markets.

When applied to futures and foreign exchange, it focuses on the overall state of the economy, interest rates, production, earnings, and management.

#### SOURCES OF INFORMATION

Sources of information Sage uses to analyze investment strategies include, but are not limited to, the following:

- Proprietary in-house research.
- Quantitative analytics & forecasting.
- NRSRO - Nationally Recognized Statistical Rating Organizations.
- Third party research materials & reports.
- Standard & subscribed databases.
- Financial newspapers and magazines
- Annual reports, prospectuses and Securities & Exchange Commission filings.

#### INVESTMENT STRATEGY RISKS

##### TAXABLE FIXED INCOME

**Principal Investment Risks.** Losing a portion or all of an investment is a risk of investing in taxable fixed income securities. The following principal risks could affect the value of a client's investment:

- *Debt Securities Risk.* Debt securities, such as notes and bonds, are subject to credit risk and interest rate risk. Credit risk is the possibility that an issuer

of an instrument will be unable to make interest payments or repay principal when due. Changes in the financial strength of an issuer or changes in the credit rating of a security may affect its value. Interest rate risk is the risk that interest rates may increase, which tends to reduce the resale value of certain debt securities, including U.S. Government obligations.

- *U.S. Government Obligations Risk.* If a government-sponsored entity is unable to meet its obligations, the performance of the strategy that holds securities of the entity will be adversely impacted. U.S. Government obligations are viewed as having minimal or no credit risk but are still subject to interest rate risk.
- *Mortgage and Asset-Backed Securities Risk.* Mortgage and asset-backed securities risk includes market risk, interest rate risk, credit risk, prepayment risk (*i.e.*, homeowners whose mortgages collateralize the securities held by the Funds may be able to prepay principal due on these mortgages), counterparty-risk and risks related to collateral posted in transactions such as TBA Transactions, as well as the risk that the structure of certain mortgage-backed securities may make their reaction to interest rates and other factors difficult to predict, making their prices very volatile.
- *Issuer Risk.* The value of a security may decline for a number of reasons, which directly relate to the issuer, such as management performance, financial leverage, and reduced demand for the issuer's goods and services.
- *Liquidity Risk.* Liquidity risk is the risk that a security may not be sold at the time desired or without adversely affecting the price.
- *High Yield Bond Risk.* While high yield bonds generally pay higher interest rates than other fixed income securities, there is a higher risk of income and principal loss.

##### MUNICIPAL FIXED INCOME

**Principal Investment Risks.** Losing a portion or all of an investment is a risk of investing in municipal fixed income securities. The following principal risks could affect the value of a client's investment:

- *Municipal Securities Risk.* Municipal securities rely on the creditworthiness or revenue production of their issuers or auxiliary credit enhancement features. Municipal securities may be difficult to obtain because of limited supply, which may increase the cost of such securities and effectively reduce a portfolio's yield. Typically, less information is available about a municipal issuer than is available for other types of securities issuers.
- *Debt Securities Risk.* Debt securities, such as notes and bonds, are subject to credit risk and interest rate risk. Credit risk is the possibility that an issuer of an instrument will be unable to make interest payments or repay principal when due. Changes in the financial strength of an issuer or changes in the credit rating of a security may affect its value. Interest rate risk is the risk that interest rates may increase, which tends to reduce the resale value of certain debt securities, including U.S. Government obligations.
- *Tax Risk.* A strategy that invests in municipal securities may be more adversely impacted by changes in tax rates and policies than other strategies. Because interest income on municipal obligations is normally not subject to regular federal income taxation, the attractiveness of municipal obligations in relation to other investment alternatives is affected by changes in federal income tax rates applicable to, or the continuing tax-exempt status of, such interest income.
- *Issuer Risk.* The value of a security may decline for a number of reasons, which directly relate to the issuer, such as management performance, financial leverage, and reduced demand for the issuer's goods and services.
- *Liquidity Risk.* Liquidity risk is the risk that a security may not be sold at the time desired or without adversely affecting the price.

#### **LIABILITY DRIVEN INVESTING, FIDUCIARY SERVICES, AND INSURANCE COMPANY SERVICES**

- *Debt Securities Risk.* Debt securities, such as notes and bonds, are subject to credit risk and interest rate risk. Credit risk is the possibility that an issuer of an instrument will be unable to make interest

payments or repay principal when due. Changes in the financial strength of an issuer or changes in the credit rating of a security may affect its value.

Interest rate risk is the risk that interest rates may increase, which tends to reduce the resale value of certain debt securities, including U.S. Government obligations.

- *Futures Risk.* On occasion, Sage may recommend its Liability Driven Investing clients invest in futures to help lengthen duration. Risks in such transactions include but are not limited to counterparty failures and risks related to collateral or margin. The use of futures can magnify the risk of loss in an unfavorable market. Futures may not always be successful hedges and their prices can be highly volatile. Using futures could lower the client's total return, and the potential loss can exceed a strategy's initial investment in such contracts.
- *Liability Risk.* The measurement of liabilities, whether pension fund, insurance, or non-profit, involve certain forward-looking assumptions and actuarial data. Actuarial data are affected by many factors, such as changes to fund provisions, participant population, and actuarial assumptions, and therefore are subject to change. Liability forecasts, and the current pricing of those forecasts, will be subject to change and should be monitored accordingly.
- *Issuer Risk.* The value of a security may decline for a number of reasons, which directly relate to the issuer, such as management performance, financial leverage, and reduced demand for the issuer's goods and services.
- *Liquidity Risk.* Liquidity risk is the risk that a security may not be sold at the time desired or without adversely affecting the price.

#### **EXCHANGE TRADED FUNDS**

- *ETF Trading Risk.* This strategy invests in ETFs. ETFs are investment companies that are bought and sold on a national securities exchange. Unlike mutual funds, ETFs do not necessarily trade at the net asset values of their underlying securities, which means an ETF could potentially trade above or below the value of the underlying portfolios. Additionally,

because ETFs trade like stocks on exchanges, they are subject to trading and commission costs unlike mutual funds. Also, both mutual funds and ETFs have management fees that are part of their costs, and the strategy will indirectly bear its proportionate share of these costs.

- *Issuer Risk.* The value of a security may decline for a number of reasons, which directly relate to the issuer, such as management performance, financial leverage, and reduced demand for the issuer's goods and services.
- *Liquidity Risk.* Liquidity risk is the risk that a security may not be sold at the time desired or without adversely affecting the price.

### ESG INVESTMENT STRATEGY RISK

ESG Investment Strategy Risk. The ESG investment strategy limits the types and number of investment opportunities available and, as a result, may underperform other funds that do not have an ESG focus. The ESG investment strategy may result in the Fund investing in securities or industry sectors that underperform the market as a whole or underperform other funds screened for ESG standards. In addition, the Index Provider may be unsuccessful in creating an index composed of companies that exhibit positive ESG characteristics.

### OTHER INFORMATION

In addition to the strategy specific risks identified above, client accounts are subject to general market risk and investing in securities involves risk of loss that clients should be prepared to bear. Securities purchased and held in client accounts may decline in value because of a general decline in the market. Securities markets move in cycles, with periods of rising prices followed by periods of falling prices. The value of the securities held in client accounts will tend to increase or decrease in response to these movements. Sage does not offer any products or services that guarantee rates of return on investments for any time period to any client. All clients assume the risk that investment returns may be negative or below the rates of return of other investment advisers, market indices or investment products.

### ITEM 9 – DISCIPLINARY INFORMATION

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to the evaluation of Sage or the integrity of Sage. Sage has never had disciplinary information disclosures applicable to this item.

### ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Sage provides investment management services to registered investment companies on an advisory or sub-advised basis. Sage also sub-advises certain CIFs that are intended to serve as investment options for defined contribution plans with participant-directed investments. Sage is not registered as a Commodities Trading Adviser, in reliance on an exemption from registration with the CFTC under the Commodity Exchange Act.

### ITEM 11 – CODE OF ETHICS

Sage has adopted a Code of Ethics and Personal Trading Policy (the "Code") in compliance with Rule 204A-1. The Code expresses the policy and procedures of Sage and is intended to ensure that no Associated Person is taking advantage of his or her position, or even giving the appearance of placing his or her own interests above those of Sage's clients. Sage's personnel must act as fiduciaries, and as such must place the interests of clients before their own.

Sage's Code includes:

- standards of business conduct, including limitations on giving and receiving gifts and business entertainment, making political contributions, serving as a director or trustee for an outside organization and engaging in outside business activities;
- compliance with federal securities laws;
- personal securities reporting;
- pre-clearance of certain transactions;
- prohibitions from using nonpublic information to trade in personal or client accounts;
- reporting of code violations; and



- review and enforcement.

All Associated Persons receive and acknowledge the Code and Sage’s Compliance Policy Manual. In addition, all Associated Persons are required to certify compliance with the Compliance Policy Manual, including the Code, on an annual basis.

**PERSONAL TRADING POLICY**

Sage has adopted a personal trading policy outlined within its Code.

Sage’s policy is based on the principle that it owes a fiduciary duty to clients to conduct personal securities transactions in a manner that does not interfere with client transactions or otherwise take unfair advantage of their relationship with clients.

Sage requires Associated Persons to pre-clear certain personal securities transactions. In addition, the Code requires Associated Persons to report certain security holdings initially upon being hired and annually thereafter. Finally, Associated Persons are required to report personal securities transactions to the Chief Compliance Officer on a quarterly basis.

Sage has certain proprietary accounts which fall under the definition of beneficial ownership due to certain Associated Persons’ ownership stake in the firm. As provided for in Sage’s portfolio management and trading policies, these accounts will participate in trade orders along with client accounts. This creates an incentive for Sage to put the interests of the firm ahead of clients; however, the Code requires Sage to put clients’ interests first and to report personal transactions and holdings to the Chief Compliance Officer in accordance with the reporting requirements described above. These accounts are exempt from the pre-clearance requirements and personal trading restrictions described above provided the transactions are done in accordance with Sage’s portfolio management and trading policies and procedures.

**COMPLIANCE WITH THE CODE OF ETHICS**

Sage’s Chief Compliance Officer is primarily responsible for implementing and administering the Code. Associated Persons are required to report any violations of the Code or applicable laws. Failure to comply with

the Code can result in disciplinary action, up to and including termination.

Upon request, Sage will provide a complete copy of our Code at no charge.

**ITEM 12 – BROKERAGE PRACTICES**

**OVERSIGHT**

Sage’s Brokerage Oversight Committee provides oversight of trading and brokerage policies and practices. In addition, Sage maintains investment, trading and brokerage policies and procedures. The following is an overview of trading and brokerage practices, policies and procedures.

**SOFT DOLLAR ARRANGEMENTS OR OTHER BENEFITS**

Sage does not have any formal or informal soft dollar arrangements with brokers. On occasion, Sage receives unsolicited research from outside sources. This information is not used in the investment decision-making process.

**SELECTION OF BROKERS**

Sage utilizes traditional brokers, electronic communication networks and trading systems to execute trades on clients’ behalf. Sage has established a Brokerage Oversight Committee to monitor and evaluate the quality of execution received from broker-dealers executing transactions on behalf of Sage’s clients and to oversee trading practices and procedures. Sage’s overriding objective in effecting portfolio transactions is to seek best execution. While the best price, giving effect to brokerage commission, if any, and other costs, is an important factor in this decision, a number of other factors will also enter into the decision. These include:

- Ability to locate liquidity;
- Inventory of fixed income securities;
- New issue supply or underwriting;
- Knowledge of and dominance in specific markets, securities and industries;
- Participation in bid/want lists;
- Quality of execution;
- Financial condition of the firm;
- Acceptable record keeping, administrative and settlement functions; and

- Reputation and integrity.

Recognizing the importance of these factors, Sage may pay commissions in excess of that which another broker or dealer might have charged for effecting the same transaction.

When managing assets for a wrap platform, Sage will trade away with brokers other than the wrap program sponsor. Trading with other brokers is known as trading away (or engaging in “step out” trades). These trades generally involve fixed income securities and do not include commissions.

Lastly, Sage traders occasionally receive entertainment, opportunities to participate in conferences or other organized events arranged by brokers. These events provide our traders with the opportunity to discuss a broad variety of educational topics specific to securities they trade. These activities pose a conflict where Sage’s traders could favor particular brokers that sponsor said activities. However, these activities are not included as criteria in Sage’s Broker Selection process.

#### **BROKERAGE FOR CLIENT REFERRALS**

Sage does not consider a broker-dealer’s promotion or sale of registered investment companies sub-advised by Sage when determining whether to select such broker-dealer to execute transactions for clients.

#### **CLIENT DIRECTED BROKERAGE**

In very limited circumstances, clients require Sage to direct transactions in their accounts to a particular broker-dealer (“directed brokers”). For clients utilizing a directed broker, the client may forgo any benefit from savings on execution costs that Sage may obtain for other clients, such as negotiating volume discounts on blocked orders. In addition, the client may not receive the same price or commission paid by other clients who utilize different brokers selected by Sage.

#### **TRADE AGGREGATION AND ALLOCATION**

##### **TAXABLE FIXED INCOME**

It is Sage’s policy to trade taxable fixed income securities for client accounts based on each client’s investment strategy. When practical, Sage separate client account trades will be bunched in a single order (a “block”) in an

effort to obtain best execution. Sage seeks to block account trades and avoid partial fill situations. If a block order is filled (full or partial fill) at several prices through multiple trades on the same day, an average price will be calculated for all trades executed by the broker for the block, and all participants in the block trade will receive the average price. Only trades executed within the block on the single day are combined for purposes of calculating the average price. While generally infrequent, partial fills are allocated to give priority to those accounts that require alignment with its investment strategy. On occasion, in order to avoid odd lots Sage will identify a comparable bond that will be allocated to client accounts in which case the original allocation will be revised for the original bond.

##### **MUNICIPAL FIXED INCOME**

It is Sage’s policy to trade tax-exempt fixed income for client accounts based on each client’s investment strategy. When practical, Sage seeks to block account trades and avoid partial fill situations. If a block order is filled (full or partial fill) at several prices through multiple trades on the same day, an average price will be calculated for all trades executed by the broker for the block, and all participants in the block trade will receive the average price. Only trades executed within the block on the single day are combined for purposes of calculating the average price. While generally infrequent, partial fills are allocated to give priority to those accounts that require alignment with its investment strategy. On occasion, in order to avoid odd lots Sage will identify a comparable bond that will be allocated to client accounts in which case the original allocation will be revised for the original bond.

##### **ACTIVELY MANAGED ETF**

It is Sage’s policy to make investment recommendations for actively managed ETF accounts, including Sage’s proprietary accounts, together. Once a decision has been made to update the ETF investment allocation model(s), Sage rotates the order in which clients are notified of changes to the model including Sage’s trading desk which then executes trades on behalf of clients. Sage does not exercise trading discretion over its model provision

accounts. Sage utilizes a rotation process to place trades on behalf of client accounts and notify its model provision participating platforms of model changes so that no group of clients is consistently favored or disfavored over any other clients.

Certain actively managed ETF clients direct Sage to use a specific broker-dealer to execute trades. Sage will generally place these trades simultaneously with other client trades. Please see the Client Directed Brokerage Section for additional information.

If a block order is filled (full or partial fill) at several prices through multiple trades on the same day, an average price will be calculated for all trades executed by the broker for the block, and all participants in the block trade will receive the average price. Only trades executed within the block on the single day are combined for purposes of calculating the average price. While generally infrequent, partial fills are allocated to accounts within the strategy on a pro rata basis, subject to rounding and reasonable efforts to minimize trading costs.

#### **DEVIATIONS FROM POLICY**

Sage's policy allows for acceptable deviations from the practices described above.

#### **CROSS TRADES**

Sage will enter into cross transactions between client accounts when, in Sage's judgment, it is in the best interest of each client participating in the transaction. Sage uses MarketAxess, an electronic trading network, to execute cross transactions on behalf of clients. Sage believes the MarketAxess solution helps ensure cross transaction are executed in a competitive environment without giving preferential treatment to either the buyer or the seller of the security. Sage will place the security on the trading network, with a bid price provided by Intercontinental Exchange ("ICE") and supplied by the trading network. If the price provided by Sage wins the bid, the cross transaction will be executed. If another broker-dealer wins the bid, the trade will be executed to the winning broker and no cross transaction will take place. Sage will not receive any fee or other compensation, other than their advisory fees, for

effecting a cross transaction. Sage will typically engage in cross transactions when one client needs to sell a bond as a result of an account liquidation, client instruction to raise cash, or portfolio rebalancing and another client is in need of a similar position. The accounts needing the bonds are typically new accounts that are not fully invested, accounts with high cash balances, and accounts that need to be brought in line with composite characteristics. When executing cross transactions, the firm strives to achieve best execution and considers the following factors when selecting a broker-dealer with which to cross trade:

- Ability to provide liquidity;
- Knowledge of and dominance in specific markets, securities and industries;
- Price;
- Quality of execution;
- Acceptable record keeping, administrative and settlement functions;
- Execution of cross trades; and
- Reputation and integrity; and
- Financial condition of the firm.

Sage will not engage in cross transactions with its ERISA accounts, IRAs, proprietary accounts or Funds advised or sub-advised by the firm.

All cross transactions will be done in accordance with our Cross Transactions Policy. In addition, the Brokerage Oversight Committee is responsible for oversight of cross transactions.

#### **TRADE ERRORS**

It is Sage's policy for clients to be made whole following a trade error. When Sage causes a trade error to occur in a client account that results in a loss, Sage will reimburse the client. If the trade error results in a gain, the client will keep that gain. In situations where a trade error occurs due to a third party's error, Sage will work with the third party to reasonably ensure the client is not negatively impacted by the error.

### **ITEM 13 – REVIEW OF ACCOUNTS**

#### **ACCOUNT REVIEW**

Sage regularly monitors and reviews client accounts with the objective of ensuring Sage operates in accordance with: clients' investment policy statements,

investment objectives and investment restrictions; written disclosures; management objectives; and Sage's fiduciary obligation to act in the best interests of its clients. Reviews are consistently performed by the investment personnel assigned to the account and all accounts are reviewed on a regular basis. Clients are generally provided with monthly reports, while certain clients receive additional reporting based on the nature of the services received.

## REPORTS

Our practice is to provide monthly portfolio evaluations, quarterly performance reviews and pertinent investment commentaries. Sage provides clients with convenient password protected access to their account information anytime, from anywhere via Sage's website. Since Sage does not perform any custodial services, reports concerning such services will be forwarded directly to the client by the custodian.

## ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

### CLIENT REFERRALS

On occasion, Sage has entered into written solicitation agreements with third parties who refer potential clients to Sage. Such agreements will be disclosed to potential clients in accordance with Rule 206(4)-3 of the Investment Advisers Act of 1940.

In addition, Sage enters into marketing arrangements with other registered investment advisers and broker-dealers pursuant to which representatives of their firms, financial advisors, offer our services to the public. The Financial Advisor will consult with the client to assess their financial situation and identify their investment objectives and will make a determination that Sage's services are suitable for the client before recommending Sage. The Financial Advisor will then contact the client at least annually regarding the suitability of Sage's services for their account. Through these arrangements, Sage pays a cash referral fee to the Financial Advisor's firm based upon a percentage of Sage's advisory fee. In connection with these arrangements, Sage will comply with Rule 206(4)-3 under the Advisers Act. The referral fee is paid pursuant to a written agreement, which is retained by both the Financial Advisor's firm and Sage. This information is

disclosed to the client prior to or at the time of entering into an investment advisory agreement with Sage.

The written agreement between Sage and any such solicitor requires, among other things, that the solicitor, at the time of rendering any solicitation activities for which compensation is to be paid, must provide the client with a current copy of Part 2A of Sage's Form ADV.

In addition, a separate written disclosure document containing:

- the name of the solicitor
- Sage's name
- the nature of the relationship between the solicitor and Sage
- a statement that the solicitor shall be compensated by Sage for his solicitation services
- the terms of such compensation arrangement and
- the amount, if any, the client will be charged for the cost of obtaining his account, in addition to the advisory fee, and the differential, if any, between the level of investment advisory fees the client shall be charged by Sage because of the existence of the arrangement between the solicitor and Sage and the amount the client would be charged if there were no such agreement

### OTHER THIRD PARTIES

#### OUTSIDE CONSULTANTS

Many of our clients and prospective clients retain investment consultants to advise them on the selection and review of investment managers. We provide information concerning our investment strategies to consultants who use that information in connection with the searches they conduct for their clients. On occasion we respond to a request for proposal in connection with those searches. In addition, consultants request information from us or provide direction to us concerning the accounts we manage for our mutual clients.

We do not compensate any consultant for making such introductions but in some cases, we do pay for the opportunity to participate, along with other investment managers, in conferences or other organized events

arranged by consultants. These events provide us with the opportunity to discuss a broad variety of business topics with consultants, clients and prospective clients. In addition, we do invite consultants to events or other entertainment hosted by our firm.

## REGISTERED INVESTMENT COMPANIES

Sage uses various registered investment companies to implement our actively managed exchange traded strategies. From time to time, Sage will receive compensation from some registered investment companies to supplemental marketing efforts. This creates a conflict for Sage where we could use said registered investment companies' products within our strategies. Sage does not consider this practice when choosing investment options within our strategies.

## ITEM 15 – CUSTODY

Sage has limited custody for the sole purpose of deducting advisory fees directly from some of our client accounts. Sage does not maintain custody of client assets. Sage's clients should receive quarterly statements from their broker dealer, bank or other qualified custodian that holds and maintains their investment assets.

Sage urges clients to carefully review their statements and compare the qualified custodian statement to the account statements that Sage provides.

Our statements can vary from custodial statements based on accounting procedures, trade reporting dates, or valuation methodologies of certain securities.

## ITEM 16 – INVESTMENT DISCRETION

Sage generally provides portfolio management services on a discretionary basis; however, some accounts are managed on a non-discretionary basis. All accounts are subject to a written investment advisory agreement which describes discretionary authority, any investment limitations, investment objectives, fees and other matters.

## ITEM 17 – VOTING CLIENT SECURITIES

A client's investment advisory agreement with Sage governs the responsibility for voting proxies within

client accounts. As Sage is primarily a fixed income investment manager it is very rare for Sage to receive a proxy in which to vote. In limited situations, Sage will receive a proxy to vote as a result of a client holding fixed income corporate obligations and ETFs. When providing investment management services to employers sponsoring defined contribution plans with participant-directed investments,

Sage will be responsible for voting any proxies relating to the exchange traded funds that are offered as investment options to participants under the plan, unless the plan sponsor reserves such responsibility to itself in accordance with ERISA and as provided under the investment management agreement.

When voting a particular proxy proposal, Sage takes into consideration, among other items:

- Management's assertions regarding the proxy proposal;
- Sage's determination of how the proxy proposal will impact its clients; and
- Sage's determination of whether the proxy proposal will create dilution for shareholders.

Sage will generally support management's recommendations on proxy issues related to business operations matters. Sage believes a company's management should generally have the latitude to make decisions related to the company's business operations. However, when Sage believes the company's management is acting in an inconsistent manner with its clients' best interests Sage will vote against management's recommendations. Sage will generally vote against non-salary compensation plans (such as stock compensation plans, employee stock purchase plans and long-term incentive plans) unless, in Sage's opinion, such plans are structured to not create serious dilution to shareholders and Sage will analyze all other compensation plans on a case-by-case basis. Sage will review proxy proposals regarding control matters (e.g., mergers and anti-takeover tactics) related to a company on a case-by-case basis. Sage generally opposes measures limiting the rights of shareholders. Sage generally opposes measures preventing shareholders from accepting an offer of a sale of a company.

In evaluating a proxy proposal, Sage could encounter a material conflict of interest. Sage has a duty to recognize and resolve a conflict before voting the proxy. Sage's proxy voting policies and procedures describe the actions taken when a conflict is identified.

A copy of Sage's proxy voting policies and procedures as well as a copy of our voting record is available upon request.

## **ITEM 18 – FINANCIAL INFORMATION & REQUIRED DISCLOSURES**

Registered investment advisers are required in this Item to provide certain financial information or disclosures about Sage's financial condition.

Sage has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.

## **OTHER INFORMATION**

### **CLASS ACTIONS AND OTHER LEGAL PROCEEDINGS**

Sage does not file legal proceedings, including class actions, on behalf of clients.

*[End of Brochure]*

## Part 2B of Form ADV: Brochure Supplement

Item 1- Cover Page Part 2B of Form ADV: Brochure Supplement

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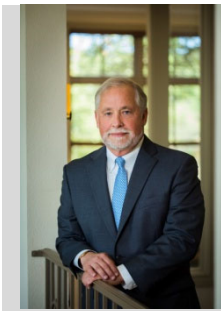
- \* Robert G. Smith, III - AIF® & CIMC
  - \* Thomas H. Urano, CFA
  - \* Jeffery S. Timlin, CFA, CMT
  - \* Robert D. Williams, CFA
  - Komson Silapachai, CFA
- 
- (Investment Committee Member for Sage Advisory Services, Ltd. Co.)
  - \* (Managing Member)

This Brochure Supplement provides information on our personnel listed above and supplements Sage Advisory Services, Ltd. Co.'s Brochure. You should have received a copy of the Brochure.

Additionally, a Summary of Professional Designations is included with this Part 2B Brochure Supplement. The list is provided to assist you in evaluating the professional designations our investment professionals hold.

If you have not received our firm's Brochure, have any questions about professional designations or about any content of this supplement, please contact us at 512-327-5530. This Brochure Supplement is dated March 26, 2021.

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



Robert G. Smith III, AIF®, CIMC

**Managing Member**

**President**

**Chief Investment Officer**

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## Item 2- Educational Background and Business Experience

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Year of Birth: 1953

### Designations\*:

- AIF® (Accredited Investment Fiduciary)
- CIMC (Certified Investment Management Consultant)
- Member of the Investment Management Consultant Association and Fixed Income Analyst Society of New York
- Member of the Fixed Income Analysts Society

### Education:

- MBA Finance, NYU Stern School of Business, NY, NY 1978
- BA History, CUNY, NY, NY 1974

### Business Background:

- Sage Advisory Services, Ltd. Co. 1996 - Present
- Smith Affiliated Capital 1989 - 1996 Executive Vice President
- Merrill Lynch Capital Markets 1979 - 1989 Vice President
- Previously served as Resident Advisor to Central Bank, Riyadh, Saudi Arabia

Mr. Smith co-founded Sage in 1996 and serves as the firm's President and Chief Investment Officer and leads the Investment Committee.

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## Item 3- Disciplinary Information

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Robert G. Smith III has never had any disciplinary disclosures to be reported.

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## Item 4- Other Business Activities

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Robert G. Smith III is currently not actively engaged in any other investment related business or occupation.

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## Item 5- Additional Compensation

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None.

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## Item 6 - Supervision

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Robert G. Smith III is Sage's President and Chief Investment Officer and a Managing Member of the firm. Robert G. Smith III reports directly to the Sage Advisory Services, Ltd. Co. Managing Members who are responsible for overseeing the activities of the firm and are disclosed on the cover page. He does not have a direct individual supervisor. Mr. Smith is also a member of the Investment Committee which oversees the firm's investment activities. Sage maintains compliance policies and procedures designed to detect and prevent violations of federal securities laws and employees are required to certify compliance with the policies and procedures annually. You may contact the Managing Members at 512-327-5530.

\*See page 7 for a description of designations.





Thomas H. Urano, CFA

**Managing Member**

**Portfolio Management**

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## Item 2- Educational Background and Business Experience

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Year of Birth: 1973

Designations\*:

- CFA (Chartered Financial Analyst)

Education:

- BA Economics, University of Texas 1995

Business Background:

- Sage Advisory Services, Ltd. Co. 2003 - Present
- Credit Suisse Asset Management 1997 - 2003 Vice President-Fixed Income
- Morgan Keegan 1996 - 1997 Fixed Income Portfolio Accounting

Mr. Urano is a Principal and Managing Director of the firm and a member of the Investment Committee. Mr. Urano is the lead Portfolio Manager for the Sage Taxable Fixed Income Strategies.

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## Item 3- Disciplinary Information

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Thomas H. Urano has never had any disciplinary disclosures to be reported.

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## Item 4- Other Business Activities

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Thomas H. Urano is currently not actively engaged in any other investment related business or occupation.

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## Item 5- Additional Compensation

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None.

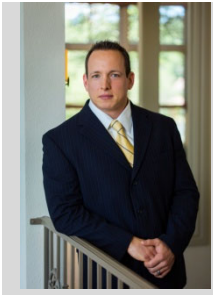
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## Item 6 - Supervision

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Thomas H. Urano reports directly to the Sage Advisory Services, Ltd. Co. Managing Members who are responsible for overseeing the activities of the firm and are disclosed on the cover page. Mr. Urano is also a member of the Investment Committee which oversees the firm's investment activities. Mr. Urano is supervised by Mr. Smith via a review of various aspects of his work and communications and participation in meetings and discussions with other Managing Members. In addition, Sage maintains compliance policies and procedures designed to detect and prevent violations of federal securities laws and employees are required to certify compliance with the policies and procedures annually. You may contact Mr. Smith at 512-327-5530.

\*See page 7 for a description of designations.



Jeffrey S. Timlin, CFA, CMT

**Managing Member**  
**Portfolio Management**

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## Item 2- Educational Background and Business Experience

Year of Birth: 1975

Designations\*:

- CFA (Chartered Financial Analyst)
- CMT (Chartered Market Technician)

Education:

- BS Business Administration, Villanova University 1997

Business Background:

- Sage Advisory Services, Ltd. Co. 2003 - Present
- MFS Investment Management, Boston 1999 - 2002 Trading Department
- Brown Brothers Harriman & Co., Boston 1997 - 1999 Custodian Asset Management

Mr. Timlin is a Principal and Managing Director of the firm and a member of the Investment Committee. Mr. Timlin is the lead Portfolio Manager for the Sage Tax-Exempt Fixed Income Strategies.

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## Item 3- Disciplinary Information

Jeffrey S. Timlin has never had any disciplinary disclosures to be reported.

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## Item 4- Other Business Activities

Jeffrey S. Timlin is currently not actively engaged in any other investment related business or occupation.

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## Item 5- Additional Compensation

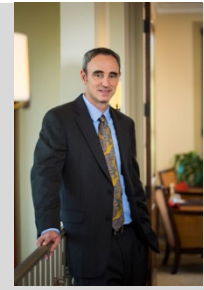
None.

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## Item 6 - Supervision

Jeffrey S. Timlin reports directly to the Sage Advisory Services, Ltd. Co. Managing Members who are responsible for overseeing the activities of the firm and are disclosed on the cover page. Mr. Timlin is also a member of the Investment Committee which oversees the firm's investment activities. Mr. Timlin is supervised by Mr. Smith via a review of various aspects of his work and communications and participation in meetings and discussions with other Managing Members. In addition, Sage maintains compliance policies and procedures designed to detect and prevent violations of federal securities laws and employees are required to certify compliance with the policies and procedures annually. You may contact Mr. Smith at 512-327-5530.

\*See page 7 for a description of designations.



Robert D. Williams, CFA

**Managing Member  
Research**

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## Item 2- Educational Background and Business Experience

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Year of Birth: 1969

Designations\*:

- CFA (Chartered Financial Analyst)

Education:

- BA Financial Management, University of Colorado 1994

Business Background:

- Sage Advisory Services, Ltd. Co. 2004 - Present
- UBS Financial Services 2000 - 2004 Fixed Income Strategist
- Mutual of New York 1998 - 2000 Wealth Management Strategist

Mr. Williams is a Principal and Managing Director of the firm and a member of the Investment Committee. Mr. Williams is the Director of research at Sage.

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## Item 3- Disciplinary Information

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Robert D. Williams has never had any disciplinary disclosures to be reported.

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## Item 4- Other Business Activities

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Robert D. Williams is currently not actively engaged in any other investment related business or occupation.

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## Item 5- Additional Compensation

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None.

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## Item 6 - Supervision

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Robert D. Williams reports directly to the Sage Advisory Services, Ltd. Co. Managing Members who are responsible for overseeing the activities of the firm and are disclosed on the cover page. Mr. Williams is also a member of the Investment Committee which oversees the firm's investment activities. Mr. Williams is supervised by Mr. Smith via a review of various aspects of his work and communications and participation in meetings and discussions with other Managing Members. In addition, Sage maintains compliance policies and procedures designed to detect and prevent violations of federal securities laws and employees are required to certify compliance with the policies and procedures annually. You may contact Mr. Smith at 512-327-5530.

\*See page 7 for a description of designations.



**Komson Silapachai**

**VP Research & Strategy**

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## Item 2- Educational Background and Business Experience

Year of Birth: 1986

Designations\*:

- CFA (Chartered Financial Analyst)

Education:

- BA Finance, Texas A&M University 2007

Business Background:

- Sage Advisory Services, Ltd. Co. 2016 - Present
- Teacher Retirement System of Texas 2008 - 2016 Investment Manager

Mr. Silapachai is VP of Research & Strategy and a member of the Investment Committee.

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## Item 3- Disciplinary Information

Komson Silapachai has never had any disciplinary disclosures to be reported.

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## Item 4- Other Business Activities

Komson Silapachai is currently not actively engaged in any other investment related business or occupation.

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## Item 5- Additional Compensation

None.

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## Item 6 - Supervision

Komson Silapachai reports directly to the Sage Advisory Services, Ltd. Co. Managing Members who are responsible for overseeing the activities of the firm and are disclosed on the cover page. Mr. Silapachai is also a member of the Investment Committee which oversees the firm's investment activities. Mr. Silapachai is supervised by Mr. Smith via a review of various aspects of his work and communications and participation in meetings and discussions with other Managing Members. In addition, Sage maintains compliance policies and procedures designed to detect and prevent violations of federal securities laws and employees are required to certify compliance with the policies and procedures annually. You may contact Mr. Smith at 512-327-5530.

\*See page 7 for a description of designations.

## SUMMARY of PROFESSIONAL DESIGNATIONS

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This Summary of Professional Designations is provided to assist you evaluating the professional designations and minimum requirements of our investment professionals to hold these designations.

“Understanding Professional Designations” may also be helpful and found on the FINRA website at: <http://apps.finra.org/DataDirectory/1/prodesignations.aspx>

### AIF® – Accredited Investment Fiduciary

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Issued by: Center for Fiduciary Studies in association with The University of Pittsburgh Graduate School of Business

Prerequisites/Experience Required:

Candidate must:

- Attest to compliance of the Code of Ethics
- Educational Requirements: None

Examination Type:

- AIF® certification exam
- Continuing Education/Experience Requirements: Annually complete six hours of continuing education.

- The program was merged into the CIMA (Certified Investment Management Analyst) program in 2002 and no longer accepts new applicants, but IMCA supports approximately 400 current CIMC designees and current CIMC professionals must continue to meet education and other renewal requirements.

Continuing Education/Experience Requirements:

- 40 hours every 2 years

### CFA - Chartered Financial Analyst

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Issued by:

- CFA Institute

Prerequisites/Experience Required: Candidate must meet one of the following requirements:

- Undergraduate degree and 4 years of professional experience involving investment decision-making, or
- 4 years qualified work experience (full time, but not necessarily investment related)

Educational Requirements:

- Study program (250 hours of study for each of the 3 levels)

Examination Type:

- 3 course exams

Continuing Education/Experience Requirements: None

### CMT – Chartered Market Technician

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Issued by: Market Technicians Association

Prerequisites/Experience Required: Candidate must meet all of the following requirements:

- five (5) years employment in a professional analytical or investment management capacity

Examination Type:

- 3 levels of the CMT examination successfully passed

Continuing Education/Experience Requirements:

- Must attest and adhere to the Market Technicians Association Code of Ethics
- Member status is reserved for those whose professional efforts are spent practicing financial technical analysis that is either made available to the investing public or becomes a primary input into an active portfolio management process or for whom technical analysis is a primary basis of their professional investment decision making process

### CIMC – Certified Investment Management Consultant

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Issued by: Investment Management Consultants Association

Prerequisites/Experience Required:

\*See page 7 for a description of designations.

**Sage Advisory Services, Ltd. Co.**  
**Privacy Policy Notice**

***Our Promise to You***

As a client of Sage, you share both personal and financial information with us. Your privacy is important to us, and we are dedicated to safeguarding your personal and financial information.

***Information Provided by Clients***

In the normal course of doing business, we typically obtain the following non-public personal information about our clients:

- Personal information regarding our clients' identity such as name, address and Social Security number;
- Information regarding securities transactions effected by us; and
- Client financial information such as net-worth, assets, income, bank account information and account balances.

***How We Manage and Protect Your Personal Information***

We do not sell information about current or former clients to third parties, nor is it our practice to disclose such information to third parties unless requested or permitted to do so by a client or client representative or, if necessary, in order to process a transaction, service an account or as permitted by law. We may, however, share information about you with our affiliates. Additionally, we may share information with outside companies that perform administrative services for us. However, our arrangements with these service providers require them to treat your information as confidential.

In order to protect your personal information, we maintain physical, electronic and procedural safeguards to protect your personal information. Our Privacy Policy restricts the use of client information and requires that it be held in strict confidence.

***Client Notifications***

We are required by law to annually provide a notice describing our Privacy Policy. In addition, we will inform you promptly if there are changes to our policy. Please do not hesitate to contact us with questions about this notice.