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## ITEM 1 – COVER PAGE

# CLIENT BROCHURE

Date of Brochure: March 26, 2020

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 28, 2019

### Item 4 – Advisory Business

Updated the sponsor of our Collective Investment Funds (CIFs) from Hand Composite Employee Benefit Trust to Reliance Trust Company.

In addition, Sage is no longer a sub-advisor for the Insignia Macro Fund (IGMFX)

### Item 5 – Fees and Expenses

Consolidated the fee schedules for our fixed income strategies and ETF strategies respectively.

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

Removed discussion where Sage would serve as the investment manager for a plan's investment menu and select Sage sub-advised CIFs to serve as investment options under the plan.

### Item 18 – Financial Information and Required Disclosure

Removed disclosure discussing dual roles of our Chief Compliance Officer that no longer exist.

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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 common sense 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; and
- Mark C. MacQueen, its Executive Vice President.

### 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, 2019, Sage manages \$14,621,367,000 in total client assets of which, \$12,802,976,000 is managed on a discretionary basis, \$1,798,319,000 is managed on a model provision basis, and \$20,071,000 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.

### 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.

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#### 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 as 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

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## 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.

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## 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 an advisor to registered investment companies (including Mutual Funds and ETFs each individually, a “Fund”) under the Company Act, including the Sage ESG Intermediate Credit ETF (GUDB). For its advisory services to the Fund, Sage receives an annual advisory fee based on the average daily value of the assets under management in the Fund. Please see the Fund’s Prospectus and Statement of Additional Information for additional information regarding objectives, investments, fees, risks and other additional disclosures.

In addition, 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 for a Fund (GUDB) and can receive a license fee for providing this Index to other Funds and unrelated third parties. Sage does not receive a license fee based on the total assets in GUDB.

### 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.

In certain instances, Sage recommends clients purchase and sell Funds for which Sage serves as investment adviser or sub-adviser. Client assets invested in these Funds within an account that Sage manages are not subject to the advisory fee otherwise applicable to the account. Those assets are subject only to the Fund’s expenses and fees applicable to all shareholders/investors in the Fund, as set forth in the Fund’s prospectus. However, the Fund pays Sage an advisory fee which is a Fund expense. Depending on which Fund the account is invested in, the fees may be more or less than the separate account advisory fee otherwise applicable to the account.

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	All Cap Core Plus Equity Core Plus Fixed Income Target Risk Portfolios Multi Asset Income Cash Balance ESG Target Risk  .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>Liability Driven Investment (LDI) 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	\$3 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	\$10 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 advisory or 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 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 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. Sage determines the price by using the prior day's closing price provided by a pricing vendor and adjusting that price based upon current day market data such as the Municipal Market Data scales, trading activity and bid/ask spreads. In addition, a customary brokerage transaction fee is assessed to the sell side of the transaction. This transaction fee is a nominal flat fee, that as of 2018, is

typically between \$50-\$100 per transaction ticket. The number of transaction tickets included in cross transaction is determined by the number of block order allocations involved in the cross transaction. 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. Copies of all confirmations of purchases and sales are mailed by the executing broker directly to the client. 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
- \* Mark C. MacQueen
- \* Thomas H. Urano, CFA
- \* Jeffery S. Timlin, CFA, CMT
- \* Robert D. Williams, 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, 2020.

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**

## 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 with Mark MacQueen and serves as the firm's President and Chief Investment Officer and leads the Investment Committee.

## Item 3- Disciplinary Information

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

## 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.

## Item 5- Additional Compensation

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None.

## 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.



**Mark C. MacQueen**  

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**Managing Member**  
**Executive Vice President**

## Item 2- Educational Background and Business Experience

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Year of Birth: 1959

Education:

- BA Business Administration, University of Delaware 1981

Business Background:

- Sage Advisory Services, Ltd. Co. 1996 - Present
- Tejas Securities Group, Inc. 1995 - 1996 Executive Vice President
- Prior to 1995 employment includes Merrill Lynch International, London office.

Mr. MacQueen co-founded Sage in 1996 with Bob Smith and is a senior member of the Investment Committee and manages the Portfolio Management team.

## Item 3- Disciplinary Information

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Mark C. MacQueen has never had any disciplinary disclosures to be reported.

## Item 4- Other Business Activities

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Mark C. MacQueen is currently not actively engaged in any other investment related business or occupation.

## Item 5- Additional Compensation

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None.

## Item 6 - Supervision

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Mark C. MacQueen is Sage's Executive Vice President, a Managing Member and responsible for overseeing the firm's trading activities. Mark C. MacQueen 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. MacQueen 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**  

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

## 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.

## Item 3- Disciplinary Information

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

## 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.

## Item 5- Additional Compensation

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None.

## 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 and Mr. MacQueen 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 and Mr. MacQueen 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 and Mr. MacQueen 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 and Mr. MacQueen 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 and Mr. MacQueen 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 and Mr. MacQueen 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

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.

### CFA - Chartered Financial Analyst

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

### CIMC – Certified Investment Management Consultant

Issued by: Investment Management Consultants Association

Prerequisites/Experience Required:

- 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

### CMT – Chartered Market Technician

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

\*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.

**Sage Advisory Services, Ltd. Co. (“Sage”)  
Proxy Voting Policy**

**23.01 Overview**

This proxy voting policy is designed to provide reasonable assurance that proxies are voted in the clients’ best economic interest, when the responsibility for voting client proxies rests with Sage. Sage will vote proxies for clients pursuant to the authority granted in the investment management agreement between Sage and its client, or as granted by written direction from the client.

Mr. John Slais, the Chief Compliance Officer (“CCO”), is responsible for oversight of this policy. Questions regarding this policy should be directed to the CCO.

**23.02 Conflicts of Interest**

**A. Overview**

Sage may encounter a material conflict in voting client proxies. Sage has a duty to recognize a material conflict and to resolve the conflict before voting the proxy. For purposes of this policy, material conflicts of interest are defined as those conflicts that a reasonable investor would view as important in making a decision regarding how to vote a proxy.

Examples of material conflicts include (but are not limited to):

1. Sage provides investment management services to a publicly traded company and also holds that same security within client portfolios which is subject to a proxy; and
2. A Sage employee has a business or personal relationship (such as a close friend or spouse) with a member of executive management, a participant in the proxy contest, or a corporate director of the company.

**B. Identifying Conflicts of Interest**

1. Sage shall maintain a listing of all material business conflicts of interests – those business relationships between the firm and other parties that are deemed to be material and may result in a conflict with respect to a future proxy contest.
2. All employees are required to disclose all personal and familial relationships that may present a material conflict of interest with respect to a future proxy contest. Employees who are unsure whether a relationship should be disclosed as a material conflict should consult the CCO for guidance.

C. Resolving Material Conflicts of Interest

Unless a client requests otherwise, Sage will take one of the following actions to ensure the proxy voting decision is based on the client's best interests and is not a result of the conflict.

1. Engage an independent party to determine how to vote the proxy;
2. Prepare a report that (i) describes the conflict of interest; (ii) discusses procedures used to address such conflict of interest; (iii) discloses any contacts from outside parties (other than routine communications from proxy solicitors) regarding the proposal; and (iv) confirms the recommendation was made solely on the investment merits and without regard to any other consideration;
3. Refer the proxy to a client or to a representative of the client for voting purposes;
4. Disclose the conflict to the affected clients and seek their consent to vote the proxy prior to casting the vote; or
5. Vote in accordance with a pre-determined voting policy, as disclosed to clients.

**23.03 Disclosures to Clients**

A client may request Sage to deliver this Proxy Voting Policy as well as a record of how Sage has voted that client's proxies. Sage will use the firm's Part 2A of Form ADV disclosure to:

- A. Notify clients of how they may obtain a copy of this policy;
- B. Notify clients of how they may obtain a record of how their securities were voted; and
- C. Summarize the firm's proxy voting policies.

**23.04 Voting Guidelines**

Sage strives to vote all proxies in the best economic interests of its clients. The decision of how to vote follows the same criteria Sage uses in managing client accounts – to vote for proposals in such a manner that, in Sage's opinion, will increase shareholder value.

A. General Overview

In evaluating a particular proxy proposal, Sage takes into consideration, among other items:

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

**B. Proxy Proposals Regarding Business Operations Matters**

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.

**C. Proxy Proposals Regarding Compensations Matters**

1. 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
2. Sage will analyze all other compensation plans on a case-by-case basis.

**D. Proxy Proposals Regarding Control Matters**

1. 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;
2. Sage generally opposes measures limiting the rights of shareholders; and
3. Sage generally opposes measures preventing shareholders from accepting an offer of a sale of a company.

**23.05 Record Retention Requirements**

Sage shall keep the following proxy voting records:

- A. These proxy voting policies and procedures;
- B. Proxy statements received regarding client securities. Electronic statements, such as those maintained on EDGAR or by a proxy voting service, are acceptable;
- C. Records of proxy votes cast on behalf of each client;
- D. Records of client requests for proxy voting information, including a record of the information provided by Sage; and
- E. Documents prepared by Sage that were material to making the decision of how to vote.

Sage will keep these records in accordance with its [Record Retention Policy](#).

Approved: January 14, 2014

Revised: