

## **FIRM BROCHURE**

(Part 2A of Form ADV)

# SABER | SABER CAPITAL MANAGEMENT, LLC

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This brochure provides information about the qualifications and business practices of Saber Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at 919-610-6809 or [john@sabercapitalmgt.com](mailto:john@sabercapitalmgt.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. We are registered as an investment adviser with the United States Securities and Exchange Commission. However, registration as an investment adviser does not imply a certain level of skill or training. Additional information about Saber Capital Management LLC is available on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number known as a CRD number. Our firm's CRD number is 166103.

March 27, 2023

## **Item 2    Material Changes**

Below is a summary of the material changes that Saber has made to this Form ADV Brochure since its last Form ADV annual amendment filing on March 31, 2022.

Item 4 has been updated to reflect the discretionary and non discretionary assets managed by Saber.

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## Item 4 Advisory Business

### A. Firm Description

Saber Capital Management LLC (“SCM” or “Saber”) is organized as a North Carolina limited liability company registered with the United States Securities and Exchange Commission as a Registered Investment Adviser. The firm was organized on October 5<sup>th</sup>, 2012.

SCM’s current business activities consist of providing investment advisory services utilizing its investment strategy, including providing discretionary investment management services to qualifying individuals and entities through separately managed accounts.

The principal owner of SCM is John H. Huber.

### B. Types of Advisory Services

SCM’s investment advice is limited to Pooled Investment Vehicles and Separately Managed Accounts.

#### The Funds

SCM provides investment advice to pooled investment vehicles (the “Funds”) which invest their assets in securities. Investors in the Funds are limited partners (the “Limited Partners”) of the Funds. SCM provides investment advisory services to the Funds based on the investment objectives of the Funds. The Funds’ investment objectives are to achieve superior long-term capital appreciation by investing in securities primarily in the equity markets.

This document is not an offer to sell or a solicitation of an offer to buy interests in the Funds. Such an investment may be made only after receipt and review of the Funds’ Confidential Private Placement Memorandum (the “Memorandum”). The Memorandum contains important information concerning risk factors and other material aspects of the Funds and it must be read carefully before making an investment decision. The information in this document is qualified in its entirety by, and should be read in conjunction with, the information contained in this Memorandum.

#### Separately Managed Accounts

SCM provides discretionary investment management services to clients using separately managed accounts. SCM manages client accounts using a single common investment strategy. Prior to establishing a client relationship, SCM evaluates whether this strategy meets the investment goals for each prospective client. SCM has the ability to offer separate investment strategies to certain clients based on their specific objectives, the size of the account, tax considerations, or other unique circumstances specific to the client. However, SCM’s primary focus is to manage a single investment strategy that focused on the principles of value investing in common stocks.

### C. Wrap Fee Programs

SCM is not a participant in, or a sponsor of, any wrap fee program.

## **D. Assets under Management**

As of December 31, 2022, SCM managed approximately \$95,220,650. \$94,634,760 of which are on a discretionary basis and \$585,890 on a non discretionary basis.

## **Item 5 Fees and Compensation**

### **A. Advisory Fees**

SCM earns its compensation by providing asset management services to the Funds and to Separately Managed Accounts, as summarized below.

#### **1. The Funds**

SCM charges no management fees to the Funds.

“Preferred Return”: Each Limited Partner shall be entitled to a preferred return of 6% per annum, compounded annually, for each fiscal year on the amount of that Limited Partner’s capital contributions, less any withdrawn or distributed amounts (and pro-rated for any partial fiscal year in which such capital contributions were invested in the Fund).

“Performance Allocation”: SCM shall receive an annual performance allocation equal to 25% of each Limited Partner’s ratable share of the Partnership’s net capital appreciation that exceeds the 6% Preferred Return.

Performance Allocations may be made at any time, in the sole discretion of the General Partner, for a Limited Partner who makes a partial or complete withdrawal.

#### **2. Separately Managed Accounts**

SCM’s compensation from separately managed account clients may take the form of: (a) a fee based on a percentage of the client’s assets under management (the “Management Fee”) and/or (b) a performance or incentive-based fee (the “Performance Fee”). Each client may elect to authorize SCM to deduct its fees directly from such client’s account.

##### **a) Management Fees**

SCM’s quarterly Management Fee may range from no such fee to 2.0% (on an annual basis) of the closing amount of net assets under management. The Management Fee is charged quarterly, based on the average net asset value of the account during the quarter.

##### **b) Performance Fees**

SCM’s Performance Fee will be assessed annually to qualified investors and generally ranges from 15.0% to 25.0% of the increase in an account’s net assets during such calendar year.

Lower fees for comparable services may be available from other sources. Fees may vary from client to client based on client qualifications and specific circumstances. These fees are negotiable.

### **B. Billing**

Fees are deducted directly from client accounts as described in Item 5A.

### **C. Other Non-Advisory Fees**

SCM charges no other fees to clients. However, there may be additional costs associated with portfolio management. Clients may incur certain charges imposed by other third parties in connection with investments made through the account, including, but not limited to, annual maintenance, brokerage, clearance, custody, and administrative fees.

### **D. Advance Prepayment of Fees**

Advisory fees are payable in arrears so this item is not applicable.

### **E. Other Compensation**

SCM does not receive compensation for the sale of securities or other investment products.

## **Item 6 Performance-Based Fees**

SCM receives performance-based compensation for certain clients as described in Item 5A. There are conflicts associated with performance fees that are not as common under an asset-based fee arrangement. The nature of performance fees can encourage unnecessary speculation with client assets in order to earn or increase the amount of the fee. The result of riskier investments can have a positive effect in that results could equal higher returns when compared to an asset based fee account. Alternatively, riskier investments historically have a higher chance of losing value. Also, since in a performance fee arrangement an adviser is compensated based on capital gains or capital appreciation, these arrangements could give an investment adviser an incentive to time transactions in a client account on the basis of fee considerations rather than on what is in the best interest of the client.

The Firm evaluates investment opportunities that are in the best interests of investors without regard to fee arrangements. However, because of the performance-based fee arrangements with the general partners affiliated with SCM, there may be an incentive for SCM to recommend investments which may be riskier or more speculative than those that would be recommended under a different fee arrangement. SCM periodically reviews the Private Funds to ensure the portfolio investments fall within strategy, given account restrictions and constraints set forth in the Private Funds' limited partnership agreements.

## **Item 7 Types of Clients**

### **A. Types of Clients**

SCM provides discretionary investment management services to qualifying individuals and entities. SCM also provides investment advisory services to pooled investment vehicles.

### **B. Conditions for Account Management**

SCM requires a \$250,000 minimum account size. The minimum initial investment for the Funds is disclosed in the Memorandum. This account size is negotiable under certain circumstances.

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

### A. Methods of Analysis

We use fundamental analysis to evaluate and locate undervalued stocks, bonds, and other securities. Our objective is to buy undervalued securities at a discount to our estimates of their fair value. We use “bottom up” analysis which means we focus on each company one by one, analyzing the balance sheet, income statement, and statement of cash flows to determine what we believe to be the fair value. We place a primary emphasis on analyzing company financials and company-specific economics.

We use a variety of tools in our analysis including, but not limited to SEC filings, company reports, press releases, newspapers, industry trade publications, books, stock screens, and investment company reports.

### B. Investment Strategies

Our objective is long term capital appreciation. As mentioned above, we focus on analyzing one company at a time, with a primary emphasis on analyzing the financial statements and the company-specific economics for each business. We approach investing with a long term time horizon, and although we do not impose minimum investment horizons, we prefer our clients to have a similar long term (preferably 3-5 years or longer) time horizon.

We have a few tenets that are central to our investment philosophy:

- We view stocks as fractions of real businesses, meaning we approach investing in stocks the same way we would approach investing in an entire business—by analysing each company’s historical financial statements, earnings history, economic advantages, company specific risks, and valuation. We view stock price fluctuations (volatility) as an opportunity to occasionally buy stocks below their intrinsic value (estimated true value of the company), and at other times sell stocks at or above their intrinsic value. This means we do not manage our portfolios with the intention of minimizing volatility.
- We try to invest in stocks when they are available only at a discount to their intrinsic value. We believe that this margin of safety (or difference between price and estimated fair value) is a better way to manage risk than to try to time the overall market, minimize volatility, or use other techniques that are commonly employed by other investment professionals.

Since our investment strategy relies on in-depth analysis of each individual stock or security that we own, we practice a portfolio management style that is concentrated. SCM typically owns a handful of stocks, though in a rare occasion this number can fall below 7 or above 10. We believe that concentrating our investments on the stocks of businesses we know the best reduces our risk over the long term, as we believe it is less risky to own a small number of stocks that you know in depth as opposed to owning a large number of stocks that you know little about. However, this practice often leads to higher volatility than one would experience in a more widely diversified portfolio or index fund.

Our investment strategy is generally focused on finding undervalued stocks. Although we maintain flexibility to invest in many different types of situations, our focus tends to revolve around investing in stocks in two broad categories which we refer to as Operating

Businesses and Special Situations. In the Operating Business category, we are looking to invest in stocks of good businesses that are compounding their intrinsic value over time. We look for characteristics such as high returns on capital, consistent free cash flow, and a predictable business model. We prefer to buy these businesses at low prices relative to their normal, or average, earnings. In our Special Situations category, we look for businesses that are undergoing some type of corporate event that might lead to an increase in value. Examples of special situation investments include, but are not limited to, spinoffs, corporate restructurings, mergers, liquidations, asset sales, and rights offerings.

Although many investments fall into the above categories, we may invest in stocks that do not satisfy the above criteria when we believe that such an investment is undervalued.

The above summary descriptions of our investment strategies and their risks are not designed to be comprehensive. Please contact us with any questions pertaining to our method of analysis, our investment strategy, or the various risks involved.

### **C. Risk of Loss**

**Investing in securities involves risk of loss that clients should be prepared to bear.**

Notwithstanding the method of analysis or investment strategy employed by SCM, the assets of each client are subject to risk of devaluation or loss. SCM wants investors to be aware that there are many different events that can affect the value of your assets or portfolio, including, but not limited to, changes in financial status of companies, market fluctuations, changes in exchange rates, trading suspensions and delays, economic reports, and natural disasters.

Here are a few more details on some areas of risk that a client should consider:

#### **Market Risks**

Stock prices fluctuate in response to many different factors. These fluctuations often lead to sustained periods of time where stock prices are generally going down. Despite our evaluation that a given stock is both undervalued and of high quality, there is a strong chance that this given stock will decline with the overall market. Our clients need to understand that our investment strategy is designed for long term capital appreciation but is not immune to the general fluctuations of the overall stock market, meaning that client assets can decline in value for sustained periods of time.

#### **Volatility Due to Concentration**

It is important to understand that when we make investments, our mindset is that we are making a long term investment stake in a business that we usually intend to hold for long periods of time (often 1-3 years or longer) and we are not concerned with the day to day fluctuations of the market price of the stock. Again, we manage our portfolios for long term capital appreciation, and not to minimize short term volatility, and you should expect higher than average volatility in your account than you would experience if you invested in an index fund or more widely diversified portfolio. An investment in any client account should not be regarded as a complete investment program and should be considered solely by investors prepared to experience possible short-term volatility and fluctuations in value.

#### **Small Cap Stocks**



At any given time, we may decide to invest in smaller sized companies (small cap or microcap stocks) of a less seasoned nature whose securities are traded in the over-the-counter market. These “secondary” securities often involve significantly greater risks than the securities of larger, better-known companies including, but not limited to, liquidity risks, businesses risks, and economic risks.

### **Liquidity Risks**

We occasionally invest in securities which are illiquid or thinly-traded or for which no liquid market exists. Although we define risk as the chance of permanent loss of capital and not the level of liquidity in any given security, there is a risk that we may not be able to sell this type of illiquid security in a timely manner if needed which could result in a loss.

While this information provides a synopsis of the events that may affect your investments, this listing is not exhaustive. We want you to understand that there are inherent risks associated with investing, and, depending on the risk occurrence, you may suffer loss of all or part of your principal investment.

#### **D. Recommendation of Specific Types of Securities**

SCM does not focus its advice on, or make recommendations relative to, any specific security. Our advisory services encompass an array of securities and investment vehicles.

### **Item 9 Disciplinary Information**

SCM and its employees have not been involved in any legal or disciplinary events related to past or present investment clients.

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

#### **A. Financial Industry Activities**

SCM is not a registered broker-dealer and does not have an application pending to register as a broker-dealer. Furthermore, none of SCM’s management or supervised persons is registered as representatives of, or has an application pending to register as representatives of, a broker-dealer.

#### **B. Financial Industry Affiliations**

SCM is not a registered futures commission merchant, commodity pool operator, or commodity trading advisor, and does not have an application pending to register as such. Furthermore, none of SCM’s management or supervised persons is registered as, or has applications pending to register as, an associated person of any such entity.

#### **C. Other Material Relationships**

SCM does not have any arrangements that are material to its advisory business or its clients with a related person who is a broker-dealer, investment company, other investment advisor, financial planning firm, commodity pool operator, commodity trading adviser, futures commission merchant, banking or thrift institution, accounting firm, law firm, insurance company or agency, pension consultant, real estate broker or dealer, or an entity that creates or packages limited partnerships other than those already disclosed herein. As

disclosed herein, SCM is the sponsor of the Funds, a limited partnership organized under the laws of Delaware.

#### **D. Other Investment Advisers**

SCM does not have any arrangements that are material to its advisory business or its clients with other investment advisers. SCM does not receive compensation directly or indirectly from other investment advisers where a material conflict of interest may be created.

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

#### **A. Code of Ethics**

All employees of SCM must act in an ethical and professional manner. In view of the foregoing and applicable provisions of relevant law, SCM has adopted a Code of Ethics to specify and prohibit certain types of transactions deemed to create conflicts of interest (or at least the potential for or the appearance of such a conflict), and to establish reporting requirements and enforcement procedures relating to personal trading by SCM personnel. SCM's Code of Ethics, which specifically deals with professional standards, insider trading, personal trading, gifts and entertainment, and fiduciary duties, establishes ideals for ethical conduct based upon fundamental principles of openness, integrity, honesty, and trust. We will provide a copy of our Code of Ethics to any client or prospective client upon request.

#### **B. Recommendations of Securities and Material Financial Interests**

As a matter of policy, SCM does not engage in principal or agency cross transactions.

#### **C. Proprietary Trading**

At times, we at SCM may buy or sell securities for our own accounts that we have also recommended to clients. SCM will always document any transactions that could be construed as conflicts of interest. To mitigate or remedy any conflicts of interest or perceived conflicts of interest, we will monitor our proprietary and personal trading reports for adherence to our Code of Ethics.

#### **D. Simultaneous Trading**

Access Persons may not invest in the same securities that are owned by the Funds without approval by the CCO. All Access Persons are required to notify the CCO or his designee in order to pre-clear personal security transactions.

### **Item 12 Brokerage Practices**

#### **A. Selection and Recommendation**

SCM will select and recommend broker-dealers or custodians based on a number of factors, including, but not limited to, ease of administration, quality of execution, commission rates, and pre-existing agreements. SCM does not receive research or other products or services other than execution in connection with client securities transactions ("soft dollar benefits").

## **Brokerage for Client Referrals**

When selecting or recommending broker-dealers to clients, SCM does not consider whether it receives client referrals from a broker-dealer or third party.

### **B. Directed Brokerage**

SCM recommends that clients utilize a broker to execute transactions. This arrangement is designed to maximize efficiency and to be cost effective for our clients. By requiring clients to use our specific custodians, we seek to achieve most favorable execution of client transactions.

While SCM does not ordinarily permit clients to direct brokerage, this matter be given due consideration depending on the needs of the client. When SCM permits a client to direct brokerage, SCM may not be able to achieve the most favorable execution of client transactions and allowing client directed brokerage may cost the client more money.

### **C. Order Aggregation**

SCM, at times, aggregates the sale and purchase orders of securities for advisory accounts with similar orders in order to obtain the best pricing averages and minimize trading costs. This practice is reasonably likely to result in administrative convenience or an overall economic benefit to SCM. Clients also benefit relatively with better purchase or sale execution prices, lower commission expenses or beneficial timing of transactions, or a combination of these and other factors. Aggregate orders will be allocated to client accounts in a systematic, non-preferential manner.

## **Item 13 Review of Accounts**

### **A. Periodic Reviews**

John Huber, the Managing Member of SCM, is responsible and has ultimate authority for all trading and investment decisions made of behalf of clients. SCM reviews client accounts at least monthly to ensure compliance which each client's stated investment objectives.

### **B. Intermittent Review Factors**

Intermittent reviews may be triggered by substantial market fluctuation, economic or political events, or by changes in your financial status (such as retirement, termination of employment, relocation or inheritance).

Clients are advised to notify SCM promptly if there are any materials changes to their financial situations, investment objectives, or in the event they wish to place restrictions on their accounts.

### **C. Client Reports**

#### **1. The Funds**

Limited Partners will receive a report at least quarterly detailing account performance. At least annually, Investors will receive audited financial statements.

#### **2. Separately Managed Accounts**

SCM does not prepare separate written client reports. Clients will receive a report at least quarterly from the custodian, detailing account performance. Clients can also elect to receive electronic monthly statements and can access their account online at any time in between reporting periods. We provide a quarterly letter in addition to the report from the custodian. Our letter typically contains brief commentary on our individual positions and/or past investments.

## Item 14 Client Referrals and Other Compensation

### A. Economic Benefits from Others

SCM does not receive an economic benefit (such as sales awards or other prizes) from any third party for providing investment advice or other advisory services to its clients.

### B. Compensation to unaffiliated Third Parties

SCM currently does not compensate any other person for client referrals.

## Item 15 Custody

### A. Custodian of Assets

SCM has custody of the Funds' assets because it has the ability to deduct advisory fees payable to SCM, and it has a general power of attorney over the Funds' accounts. The physical assets of the Funds are held in accounts with the Funds' brokers and qualified custodians. The Funds intend to comply with Rule 206(4)-2 under the Advisers Act by meeting the conditions of the pooled vehicle annual audit provision.

With regard to separately managed accounts, SCM does not have direct custody of any client funds or securities. Our firm has indirect custody of your funds and securities, also sometimes referred to herein as your portfolio assets, by virtue of our discretionary authority and ability to deduct advisory fees payable to it.

Clients should receive account statements from the qualified custodian and clients should carefully review those statements.

### B. Account Statements

Although we are your investment adviser, your statements will be mailed or made available electronically by the broker-dealer or custodian. When you receive these statements, please review them carefully. Please compare asset values, holdings, and fees on your statement to that in the previously issued account statement.

## Item 16 Investment Discretion

With respect to separately managed accounts, SCM's customary procedure is to have full discretionary authority in order to supervise and direct the investments of your accounts. This authority is for the purpose of making and implementing investment decisions, without your prior consultation. All investment decisions are made in accordance with your stated investment objectives.

With regard to the Funds, SCM has full discretion and authority to make all investment decisions with respect to the types of securities to be bought or sold or the amount of securities to be bought or sold for the Funds.

Our discretionary authority does not give authority to take or have possession of any assets in your account or to direct delivery of any securities or payment of any funds held in the account to SCM. Furthermore, our authority by agreement does not allow us to direct the disposition of such securities or funds to anyone except you, the account owner.

## Item 17 Voting Client Securities

With regard to separately managed accounts, SCM votes proxies that are solicited for securities held in your account. Upon the request of a client, SCM will forward such proxies for voting directly to the client. Nonetheless, SCM will not take nor be required to take any action or render any advice with respect to the voting of proxies solicited by or with respect to the issuers of securities in which assets of the client's account may be invested in occasionally. Furthermore, SCM will not take any action or render any advice with respect to any securities held in any client's accounts that are named in or subject to class action lawsuits. SCM will, however, forward to you any information received by our firm regarding class action legal matters involving any security held in your account.

With regard to the Funds, SCM will vote all proxies that are solicited for securities held in the Funds' names. SCM will vote all such proxies in the best interests of the Funds and their Limited Partners, in accordance with Rule 206(4)-6 under the Investment Advisers Act of 1940.

A copy of SCM's proxy voting policies and procedures are available upon request by contacting John Huber.

## Item 18 Financial Information

### A. Advance Prepayment of Fees

SCM does not require or solicit prepayment of more than \$1,200 in advisory fees per client, six months or more in advance.

### B. Financial Condition

SCM does not have any financial impairment that will preclude it from meeting fiduciary and contractual commitments to clients.

### C. Bankruptcy Petition

SCM has not been the subject of a bankruptcy petition.