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FORM ADV PART 2A
BROCHURE

This brochure provides information about the qualifications and business practices of Broadwing Capital Advisors, Inc. If you have any questions about the contents of this brochure, please contact us at (415) 381-7555 or kelly@broadwingcapital.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.

Additional information about Broadwing Capital Advisors, Inc. is also available on the SEC's website at www.adviserinfo.sec.gov. The IARD/CRD number for Broadwing Capital Advisors, Inc is 127513.

Broadwing Capital Advisors, Inc is a Registered Investment Adviser with the Securities and Exchange Commission. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

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Summary of Material Changes

This brochure provides prospective clients with information about Broadwing Capital Advisors, Inc. that should be considered before or at the time of obtaining our advisory services.

This brochure is required to be updated at least annually, or sooner when material changes to our business take place.

Each year we will deliver to you, by no later than April 30th, a free updated brochure that includes or is accompanied by a summary of material changes; or a summary of material changes and an offer to provide a copy of the updated brochure and how to obtain it.

The summary below discusses only material changes since the last annual update of this brochure filed on February 15, 2023:

- As of February 2024, Broadwing Capital Advisors, Inc. is registered with the Securities and Exchange Commission ("SEC"), rather than the State of California Securities Commission. This is due to our level of Assets Under Management, as Registered Investment Advisors with above \$100 million of Assets Under Management are subject to SEC, rather than State, regulation and oversight.
- Fees were updated in Item 5: Fees and Compensation

Advisory Business

Broadwing Capital Advisors, Inc. Ownership:

Broadwing Capital Advisors, Inc. ("Broadwing Capital") is a privately owned company. The shares are owned 100% by Kelly D. Kane. Broadwing Capital has been doing business as "Broadwing Capital Advisors" since 1999, and incorporated as Broadwing Capital Advisors, Inc. since 2009.

Broadwing Capital Advisors, Inc. Types of Business:

Broadwing Capital is principally involved in managing investment advisory accounts for individuals, trusts, and families on a discretionary basis for a fee equal to a percentage of the assets under management; providing financial planning to individuals and families for a fixed fee; and providing investment advice to employer-sponsored retirement plans on a non-discretionary basis for a percentage of the plan's assets, a fixed fee, or a combination of the two.

Broadwing Capital will execute transactions in accordance with the specific investment objectives of each client.

For its individual, trust, and family clients, Broadwing Capital deploys principally two types of portfolios, one group of portfolios that invests primarily in open and closed-end mutual funds and exchange-traded funds, and a second type of portfolio that invests primarily in individual common stocks. The two general model types Broadwing uses are described below:

- ***BCA Flexible Portfolios:*** There are eight portfolios in the "Flexible" series of portfolios. These portfolios invest in a combination of exchange traded funds ("ETF"), and open- and closed-end mutual funds. As manager, Broadwing has the flexibility to use any combination of these three security types in designing its portfolios, without limitations or requirement that it use all three security types. Available portfolios in the Flexible series include the following: Principal Preservation, Income, 25/75, 40/60, 50/50, 65/35, 80/20, and 100/0, where the numerator represents the target percentage of the portfolio to be invested in common stock securities, and the denominator represents the target percentage of the portfolio to be invested in fixed-income securities. The investment holdings of these portfolios is not expected to change materially over time. The reason for infrequent portfolio turnover is to allow sufficient time to benefit from fund manager security selection, and also to minimize the impact on performance of taxes and transaction fees that arise from portfolio turnover.
- ***BCA Dividend Payers:*** This portfolio invests principally in the individual common stocks of companies with a demonstrated multi-year track record of both paying and increasing shareholder dividends. Depending on the amount invested, the portfolio will hold anywhere from 28 to 30 different common stocks. Broadwing expects most portfolios to hold 30 or more stocks.

Security selection for all of the above model portfolios is the result of research obtained primarily from subscriptions to *Morningstar*, *AdvisorIntelligence.com*, *Seeking Alpha*, *Dividend.com*, and a variety of other investment research providers.

While Broadwing Capital primarily invests client assets in open- and closed-end mutual funds and exchange-traded funds as discussed above, there are circumstances when a more customized

approach to security selection is required, in which event Broadwing can also invest portfolio assets in any of the following:

- Individual common or preferred equities of U.S. or foreign issuers
- Over-the-counter securities
- Individual U.S. Government debt securities
- Corporate debt securities
- Non-publicly-traded real estate investment trusts (fee-based)
- Variable annuities (fee-based)
- Certificates of deposit
- Municipal securities

For its employer-sponsored retirement plan clients, Broadwing Capital advises clients principally on the selection of mutual fund and group annuity separate accounts. Broadwing Capital's role is primarily to advise the Plan's fiduciaries in deciding which mutual fund, or group annuity separate account to include in the Plan. Broadwing Capital also assists the Plan fiduciaries in the following areas:

- Preparing an Investment Policy Statement ("IPS") for the Plan
- Monitoring the performance of the investments in the Plan
- Provide participant education and Plan enrollment assistance
- Prepare competitive bids to "benchmark" a plan's provider against the competition
- Provide fiduciary education services to the Plan Committee

Broadwing Capital can tailor its advisory services to the individual needs of clients, including restricting the sale of identified securities held in the portfolio.

As of December 31, 2023, Broadwing Capital manages a total of \$119,728,834 of assets: \$99,394,933 in discretionary accounts and \$20,333,901 in non-discretionary accounts.

Fees and Compensation

Broadwing Capital receives an investment management fee, which is a percentage of the assets under its management as follows:

Fees for Personal Accounts:

<u>Market Value of Account</u>	<u>Annualized Rate</u>
\$ 0 to \$1,000,000	1.00%
\$1,000,001 to \$2,000,000	0.75%
\$2,000,001 to \$3,000,000	0.50%
\$3,000,001 and above	0.25%

Broadwing will discuss fees with clients prior to investing the account. Both the client and a representative of Broadwing Capital will sign an Investment Advisory Agreement ("IAA") that specifies the fee agreed upon. The IAA and the above fee schedule may be modified by

Broadwing Capital and may differ from the fee schedule above. Comparable Services may be available from other sources at a lower cost.

At the beginning of each quarter, Broadwing will provide to the client and the custodian a notice stating the amount of the fee, and the notice to the client will state the value of the assets on which the fee is based and specifically how the fee was calculated. The client, and not the custodian, shall be responsible to verify the accuracy of the fee calculation.

Broadwing Capital also charges a fixed fee of \$5,000 for the preparation of a comprehensive financial plan, or \$2,500 for the preparation of a plan limited in scope to *one* of the following areas: Education planning; Retirement planning; Estate planning; Risk (insurance) planning; Tax planning. Broadwing may require at the time of engagement a retainer equal to 50% of the fixed fee.

Each quarter, the investment management fee is charged *in advance* by multiplying the assets in the account by the appropriate management fee percentage, and one fourth of the resulting dollar amount is then withdrawn directly from the client's account(s).

A client may terminate the IAA within 5 days of the signing of the Agreement without penalty. Thereafter, if the account is terminated prior to the end of the quarter, a pro-rated refund is calculated based on the number of days the client was invested during the quarter. For example: If the fee was \$1,000 and the advisory relationship was terminated after 36 days of a 91-day quarter, the client would be entitled to a refund equal to 55 days (91 days less the 36 days invested) multiplied by the daily asset charge of \$10.99 (\$1,000/91 days), or \$604.40.

For clients with household assets totaling greater than \$500,000 of assets under management with Broadwing Capital, Broadwing Capital will pay the transaction costs charged by the custodian. For client households with below \$500,000 invested with Broadwing Capital, in addition to the investment management fee paid to Broadwing Capital, the following fees paid to other parties may also apply:

- Transaction fees ("commissions") paid to the custodian of the account for the purchase or sale securities in the account. As a percentage of the account, these fees vary by account size, and average between 0.00% and 0.10% annually of assets invested. For example, a \$400,000 account could potentially incur roughly 0.05% (five one hundredths of one percent) per year in transaction charges (\$200 per year on a \$400,000 investment)
- Non-standard asset charges paid to the custodian in return for their holding private, non-publicly-traded securities, in the account, such as limited partnerships, non-publicly traded real estate trusts, or private equity
- Margin loan interest paid to the custodian if a margin loan balance is maintained in the account
- Various other fees paid to the custodian for wiring funds from the account and other assorted services
- Mutual fund and exchange-traded fund management fees. These fees vary by the type of security held in the portfolio. Assets invested in open- and closed-end mutual funds within the Flexible Series of portfolios currently range between 0.77% and 2.05%. Assets invested in exchanged-traded funds within the Flexible Series of portfolios currently range between 0.03% and 0.75%.

- The combined average ETF and Mutual Fund annual management expense fee for the Flexible Series of portfolios ranges between 0.39% to 0.51%. Broadwing charges no additional management fee (beyond its standard advisory fee schedule as detailed above) for managing the individual common stocks held in the BCA Dividend Payers portfolio.

Because fund fees are deducted at the fund level and not itemized on the billing statement provided to clients, the fees can go unnoticed, but the fund's management fee has the effect of lowering the fund's share price, which impacts fund performance, and thus shareholder account performance.

To get a sense of the impact on performance of paying fees at the higher-end of the fee spectrum, consider the following example of fees charged on a hypothetical \$50,000 investment in the *BCA Flexible 50/50 portfolio*.

- 0.10% annually of invested assets for custodial transaction fees
- 0.54% annually of invested assets for internal mutual fund management fees
- 1.00% annually of invested assets for Broadwing Capital's management fees
- Total fees of 1.64% annually of invested assets

At the lower end of the fee spectrum, consider the fees charged on a hypothetical \$3,000,000 investment in the *BCA Flexible 100/0 portfolio*.

- 0.00% annually of invested assets for custodial transaction fees (Broadwing Capital pays all transaction charges for clients with \$500,000 or more of assets under management)
- 0.39% annually of invested assets for internal mutual fund management fees
- 0.75% annually of invested assets for Broadwing Capital's management fees (blended average)
- Total fees of 1.14% annually of invested assets

Finally, consider the following example of fees charged on a hypothetical \$50,000 investment in the *BCA Dividend Payers portfolio*.

- 0.00% annually of invested assets for custodial transaction fees
- 1.00% annually of invested assets for Broadwing Capital's management fees
- Total fees of 1.00% annually of invested assets

And for a hypothetical \$3,000,000 investment in the *BCA Dividend Payers portfolio*.

- 0.00% annually of invested assets for custodial transaction fees
- 0.75% annually of invested assets for Broadwing Capital's management fees (blended average)
- Total fees of 0.75% annually of invested assets

Broadwing Capital does not receive compensation for the sale or purchase of securities held in investment advisory accounts.

Fees for Employer-Sponsored Accounts:

Fee varies between 0.10% of assets under management to 0.50% of assets under management, or a fixed fee which varies depending on the size and complexity of a plan, but generally will not be less than \$1,000 per year, or more than \$20,000 per year.

If the fee structure selected is based upon a percentage of the account assets, the quarterly fee will be calculated and paid in arrears based upon the average daily market value of the assets in the Plan for the prior calendar quarter.

Services do not include recordkeeping.

The advisor has no material financial relationship with any referral entity or other person which creates a conflict of interest. Advisor will make recommendations for mutual funds or variable annuities based upon computer programs created by unaffiliated third-parties. If there is any material change to the information regarding the advisor's compensation, it will be disclosed to the client no later than 30 days before the change is to take effect.

Performance-Based Fees and Side-By-Side Management

Broadwing Capital does not charge performance-based fees or engage in side-by-side management.

Types of Clients

Broadwing Capital is principally involved in managing investment advisory accounts for individuals, trusts, and families on a discretionary basis; providing financial planning to individuals and families; and providing investment advice to employer-sponsored retirement plans on a non-discretionary basis.

For individuals, trusts and families, the household aggregate minimum account size is \$250,000.

There is no minimum account size for employer-sponsored retirement plans.

Methods of Analysis, Investment Strategies and Risk of Loss

Broadwing Capital's investment philosophy for its **BCA Flexible Portfolios** emphasizes using low-cost exchange traded funds to represent that portion of the portfolio invested in securities that are generally well-known to and widely-traded by the investing public; and using tactically-managed open- and closed-end mutual funds to represent that portion of the portfolio invested in securities that are less well-known to and less widely-traded by the investing public.

For practical purposes, this means that Broadwing generally uses exchange traded funds when investing portfolio assets allocated to the common stock of large U.S. and international companies, or the fixed income of U.S. and foreign government debt issuers, or the fixed income of well-known investment-grade corporate issuers. Fundamental to this approach is the belief that it is difficult for fund managers in these areas to gain a unique advantage over the competition. Broadwing believes that fund managers in these areas should not spend a lot of money trying to out-research the competition. Instead they should invest in a diversified basket of securities and trade them infrequently in order to keep research and trading

expenses low for shareholders.

Broadwing generally uses open- and closed-end mutual funds when investing portfolio assets allocated to the common stock of small U.S. and international companies, the common stock of emerging market companies of all sizes, the fixed income of non-investment-grade corporate debt issuers, alternative asset securities, long-short investing strategies, and commodities/futures investing strategies. Broadwing Capital believes fund managers in these areas can gain a unique advantage over their competitors through the research process. Broadwing also believes that it can identify skilled managers with distinct strategies through screening available data from *Morningstar*, *Advisorintelligence.com*, *Seeking Alpha*, and other research publications. While Broadwing endeavors to select mutual funds with competitive internal fee structures, keeping fees low is a secondary objective to consistent attractive risk-adjusted historical performance in mutual fund selection.

Broadwing Capital uses fundamental analysis in its BCA Flexible Portfolios to screen for *mutual fund managers* using the following criteria:

- Must have a demonstrated history of managing portfolios tactically—a willingness to make significant changes to the composition of the fund's assets.
- Must have achieved a compelling risk-adjusted performance track record over rolling periods of at least three years, but preferably over ten years.
- Must demonstrate consistency in the management team's personnel – the team that achieved the fund's past results must remain largely in-tact.
- Must be available with no front-end or back-end sales charges.
- Must have competitive management fees relative to its peer group.

Broadwing Capital uses fundamental analysis in its BCA Flexible Portfolios to screen for *exchange traded fund managers* using the following criteria:

- Must have low management fees relative to peer group
- Must have adequate daily trading volume to ensure sufficient liquidity and reasonable entry and exit costs
- Prefer a mix of fundamental- and equal-weighted indices to protect against over-exposure to particular securities held in an index
- Must have sufficient asset size to protect against fund closings

Broadwing Capital further vets strategists through conversations with fund representatives to assess two key factors to help determine whether or not they have a sustainable edge.

1. The fund strategist's philosophy and process. Broadwing Capital must understand this so

that we can assess whether we believe the philosophy and process is sensible, repeatable, and affords an advantage over comparable fund strategies.

2. The investment team's ability and discipline. Having a good investment philosophy and investment process is necessary but it is not enough. The team that implements it must have the ability to make good judgments about assumptions and do the research so that the process can be executed effectively. And the decision makers must have the discipline to make sure the work gets done and decisions are consistent with the conclusions that come from the research process.

Once Broadwing has chosen a fund for its portfolios, the fund will generally remain in the portfolio for at least one year or more. There is very little trading of the mutual funds held in the model portfolios because Broadwing believes that frequently trading mutual funds generates taxes and transaction charges that are rarely justified by the potential for performance improvement.

There is no guarantee that Broadwing's approach will result in positive investment performance for investors and its approach may result in investors losing money, or underperforming a benchmark. An investment in equities or bonds may result in investors losing money. An ill-timed change in the portfolio's allocation may result in investors losing money.

As stated above in the "Fees and Compensation" section, there are several layers of fees that reduce portfolio performance and may make it difficult for the model portfolios to earn competitive returns.

When a portfolio invests in open or closed-end mutual funds, these funds may distribute taxable short and long-term capital gains to shareholders, which may result in unexpected tax liability for investors in taxable accounts.

Due to the flexibility afforded mutual fund managers in how they invest shareholder money, the investment changes they make may result in a portfolio that reflects more or less risk than was originally expected. This in turn may result in losing money or underperforming a benchmark.

Broadwing Capital's investment philosophy for its **BCA Dividend Payers Portfolios** emphasizes a "buy-and-hold" strategy of owning common stocks of companies that have long histories of paying and increasing dividend payments to shareholders. To achieve adequate diversification, Broadwing endeavors to own 30 or more stocks in the portfolio. Broadwing identifies common stocks for purchase through screening available data from *Morningstar*, *Advisorintelligence.com*, *Seeking Alpha*, *Dividend.com*, and other research sources.

The underlying principal behind this strategy is Broadwing's belief that the investing process should be approached as if one were purchasing an income-production machine. By narrowing the field of available investment opportunities to companies that have consistently produced income for shareholders (in the form of a dividend), Broadwing achieves a number of objectives: narrow the nature of holdings in the portfolio to companies that have a history of being shareholder-friendly; narrow the nature of holdings to companies that are earning a profit; narrow the nature of holdings to companies with management teams that have much to lose by tarnishing the company's strong dividend-payment track record; narrow the nature of income to that which is tax-favored (currently "qualified" dividend tax rates are lower than the tax rate for ordinary income).

Broadwing Capital believes that a major obstacle to *investor* performance (as distinct from *investment* performance) is the impatience often demonstrated by the typical investor when faced with a significant decline in the value of the stock market. A common investor instinct in this situation is to liquidate portfolio holdings in order to stop the pain of loss. One potential salve to soothe an investor's pain, without having to sell holdings, is the dividend payments that a company continues to pay during market tumult. A portfolio generating generous income can help calm a nervous investor and instill the patience required to avoid making a regrettable investment decision.

It's understandable that investors have lost patience with the investing process. The media and the financial industry bear some responsibility for this by effectively teaching the investing public that their focus should be on what is happening in the moment, rather than focusing on what *is likely to* happen in the future. Broadwing Capital believes that helping an investor focus on what *is likely to* happen over an investor's lifetime increases the odds that the investor will *remain* invested to benefit from that future. Broadwing Capital believes that a portfolio generating income will calm a nervous investor and increase the odds the investor staying the course, and thus increase the odds of a successful investing result.

There is statistical support for a dividend-investment strategy.

For the period covering 1930 through 2020, the S&P 500 stock index earned an annualized *price* return of 5.813%, and an annualized *total* return of 9.808% (with dividends reinvested). Another way to view this is that dividends represent almost 41% of the total return of index over this period.

Consider that when one makes a choice between investing in a company that pays a dividend and one that does not, one is essentially choosing between investing for *current income* and the *potential for future income*. In the industry vernacular, the former are generally known as "value" companies, the latter as "growth" companies. There are compelling arguments for investing in both types. But investing in growth companies necessitates investor patience. The growth company may never earn a profit. While it struggles to earn a profit, its share price is likely to be as unpredictable as its prospects. If the market experiences one of its periodic corrections and the growth company's share price drops, will the investor remain patient and refrain from selling the stock?

The investor in the "value" company, on the other hand, begins receiving dividends immediately. In the event of a market correction, the share price of the value company will also fall, but generally the company will continue to pay (and even increase) its dividend during this period, increasing the likelihood that a shareholder will remain patient and refrain from selling.

Here it's important to recognize that the amount of a company's dividend – or its ability to continue paying a dividend - is not always related to the direction of its stock price. This is especially true when the overall stock market has falls sharply. Because of the impulse to "sell first and figure things out later," shareholders often unfairly depress the price of company's stock price, even while the company's ability to pay shareholders a dividend remains healthy.

Investing in companies that pay out a healthy portion of profits to shareholders also serves as a natural check against management using those funds unwisely. How many failed mergers or acquisitions have we seen over the years; or scandals related to stock option back-dating for the benefit of company executives and at the expense of shareholders; or poor hiring and capital expenditure decisions that bloat the expense side of the ledger, leaving little profit to be paid out;

or leaving substantial sums of idle cash on the balance sheet doing nothing, presumably to be invested at some time in the future?

There is no guarantee that Broadwing's approach will result in positive investment performance for investors and our approach may result in investors losing money, or underperforming a benchmark. An investment in equities or bonds may result in investors losing money. An ill-timed change in the portfolio's allocation may result in investors losing money.

Broadwing Capital uses fundamental analysis in its BCA Dividend Payers Portfolios to screen for the following:

- Common stocks with a current dividend yield greater than or equal to 3.00%
- Common stocks with dividend growth over the prior five years of equal to or greater than 5.00%
- Common stocks of companies with low debt levels, earning a financial strength grade from Morningstar of equal to or greater than "C"
- Common stocks of companies with few or no incidence of dividend reductions in the company's history, going back as far as 30 years.
- Common stocks of companies with a long track record of raising dividends
- Common stocks considered either "fairly valued" or "undervalued" by comparing the company's current stock price to Morningstar's "fair value" estimate of the common stock value.

Disciplinary Information

Neither Kelly D. Kane or Broadwing Capital Advisors, Inc. are the subject of, nor in the past have they been the subject of, any legal or regulatory proceeding involving advisory or brokerage services.

Other Financial Industry Activities and Affiliations

Neither Kelly D. Kane or Broadwing Capital Advisors, Inc have any disclosable other Financial Industry Activities or Affiliations..

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

Professional Competence

- As investment advisors, we are obligated to demonstrate and maintain an appropriate level of professional competence. Advisors we must continually further their industry education and knowledge through regular continuing education courses. In addition, as investment advisors it is unethical for us to present ourselves as knowledgeable and experienced with respect to those types of products and services with which we have no training or exposure.

Protection of Client Data

- All investment advisors must adhere to a strict set of industry regulations regarding the protection of client data and personal information. Clients' private details are securely stored in a locking file cabinet to which unauthorized persons do not have access. We employ oversight of support staff to ensure proper handling of confidential client information. Information contained within client files may not be used for any purpose other than providing those services requested by the clients, nor may private details be transmitted to or shared with other organizations or institutions without express written permission.

Suitability of Recommendations

- Recommendations regarding the allocation and placement of client funds must be appropriate and suitable for each individual's situation. As an investment advisor, we are prohibited from making blanket recommendations to multiple clients without first ensuring that those suggestions fit within the confines of each client's investment goals and time horizon. As an investment advisor, we must take the time to establish a detailed profile of each client before making recommendations and allocation suggestions to avoid inappropriate dissemination of funds in a manner that could threaten the client's financial stability.

Timely Implementation and Response

- Due to the sensitive nature of the financial industry and the speed with which certain types of investments can change in value, as an investment advisor we must make a reasonable effort to respond to client inquiries and trading instructions in a timely manner. While no formal regulation exists regarding the delay between a client's inquiry or request and the time it takes for the advisor to react, industry guidelines typically consider a response within 24 hours to be sufficient.

Regular Performance Reviews

- We conduct regular performance reviews of client accounts. As investment advisor, we are responsible for appropriate oversight of the accounts we manage, and must consistently examine the performance of portfolios in our charge to ensure that the securities and allocation are still appropriate. Meetings with clients must be held at least annually to review account performance and document any potential changes to goals or timelines. Clients who decline these annual review appointments must be mailed a report or other summary documentation containing the advisor's analysis of account performance and suitability.

Non-Public Information

- It is against the investment advisor code of ethics to act on private non-public information for trading purposes, or to transmit such information to others with the same intentions. Severe civil and criminal penalties may be imposed on investment advisors or other financial industry professionals who are convicted of utilizing non-public data for personal financial gains.

Participation or Interest in Client Transactions and Personal Trading

Advisory Representative may from time to time purchase securities for his personal account as well as recommend the same securities to clients. He will ensure best execution for client transactions and will not engage in "front-running" or other prohibited practices.

Advisory Representative may, on rare occasion, offer to purchase from a client illiquid securities held by the client under the following circumstance: if the client has no alternative but to sell his/her shares; *and*, if there is no other mechanism available for the client to sell their shares at a fair price. If such a mechanism exists, Advisor Representative will only purchase shares at a price at least equal to the best price offered through this mechanism. Furthermore, if the Advisor Representative is aware of pertinent information that could influence the client's decision to sell the securities at the price negotiated, Advisor Representative will disclose all such information to the client, and have the client sign a form acknowledging such disclosure.

Brokerage Practices

Broadwing utilizes the services of custodial broker-dealers, including Charles Schwab Institutional ("Schwab"). Schwab makes available to Broadwing other products and services that benefit Broadwing, but may not benefit its clients' accounts. Some of these other products and services assist Broadwing in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements); facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts); provide research, pricing information and other market data; facilitate payment of Broadwing's fees from its clients' accounts; and assist with back-office functions, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of Broadwing's accounts, including accounts not maintained at Schwab Institutional.

Schwab also makes available to Broadwing other services intended to help it manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing.

In addition, Schwab may make available, arrange and/or pay for these types of services rendered to Broadwing by independent third parties. Schwab may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third party providing these services to Broadwing. As a fiduciary, Broadwing endeavors to act in its clients' best interest. However, there is a potential conflict of interest in that Broadwing's recommendation that clients maintain their assets in accounts at Schwab may be based, in part, on the benefit to Broadwing of the availability of some of the foregoing products and services, and its custody recommendation may not be based solely on the nature, cost or quality of custody and brokerage services provided by Schwab.

Broadwing will make every effort to secure for its clients the lowest combination of transaction fees and fund management fees. Broadwing accomplishes this in the following ways:

- Establishing e-statement and e-confirm delivery for clients, which results in lower transaction fees when purchasing or selling exchange-traded funds
- Aggregating assets in order to qualify to purchase Institutional share classes of certain funds that require a minimum investment, which could not be met by any single account.
- Using the Institutional share class of a mutual fund, where available, to obtain discounted management fees of 0.20% to 0.50% annually of assets invested in the fund.
- Using the Institutional share class of a fund only where appropriate. Because Schwab charges a transaction fee equal to \$31 to \$50 for each purchase or sale of a fund's Institutional share class, Broadwing will endeavor to determine what accounts would benefit from using the Institutional share class of a fund and which would not. Generally, if an account maintains more than \$200,000 of assets, it will benefit from using Institutional share classes. Accounts below \$200,000 generally do not benefit. Broadwing uses two sets of model portfolios: models for accounts with less than \$200,000 of assets; and models for accounts with more than \$200,000 of assets. In this way, Broadwing is able to lower overall fees incurred by clients.
- Trading clients' accounts infrequently to avoid excessive transaction fees.

Review of Accounts

Kelly D. Kane, as President of Broadwing Capital, reviews client accounts on a quarterly basis to determine how the account is performing relative to its benchmark, whether the account holds cash that should be invested, whether securities remain in the account that need to be sold, and whether there is adequate cash to meet the client's immediate cash flow needs.

Kelly D. Kane reviews financial plans on less than a periodic basis, usually when there has been a material change in the client's financial situation, such as the birth of a child, the creation of an estate plan with will and trust, sudden inheritance, job change, etc. Otherwise, Kelly D. Kane endeavors to update and review financial plans at least every three years.

Broadwing produces a quarterly report that includes current Market and Economic commentary.

The report summarizes all the client holdings with Broadwing Capital, including in some cases holdings not covered by the Investment Advisory Agreement. The holdings are summarized by asset class or investment strategy, depending on the model portfolio used. The report lists the portfolio's performance over several time periods and graphs assets invested versus account value. The performance calculations are prepared using software provided by Charles Schwab Portfolio Services. The report is emailed or postal-mailed to clients depending on their preference.

Client Referrals and Other Compensation

Broadwing does not currently pay any solicitor's fees to firms and/or individuals, nor does Broadwing receive any compensation for referrals.

Custody

Any investment advisor having custody or access to customer funds or securities must comply with certain rules and regulations designed to protect the clients' assets. Rule 206(4)-2 of the Investment Advisers Act of 1940 details strict requirements governing investment advisors that have "custody" over client securities or funds. Broadwing Capital meets the definition of having custody due to the following circumstances:

- Broadwing Capital directly debits fees from client accounts
- Standing Letters of Authorization

Some clients may execute limited powers of attorney or other standing letters of authorization that permit the firm to transfer money from their account with the client's independent qualified Custodian to third-parties. This authorization to direct the Custodian may be deemed to cause our firm to exercise limited custody over your funds or securities and for regulatory reporting purposes, we are required to keep track of the number of clients and accounts for which we may have this ability. We do not have physical custody of any of your funds and/or securities.

Broadwing Capital does not have physical custody of any client funds and/or securities. Client funds and securities will be held with a bank, broker dealer, or other independent qualified custodian. Broadwing Capital utilizes the services of custodial broker-dealers, primarily Charles Schwab Institutional ("Schwab"), where client assets are held. Schwab provides clients with a monthly statement, which can be mailed to the client or posted online with email notification to the client. Clients should review this statement carefully and compare it with the quarterly statement received from Broadwing Capital.

Investment Discretion

Broadwing is authorized via written consent to exercise discretion in managing advisory accounts. This means that Broadwing is under no obligation to obtain prior permission to place trades in a client's account. However, where a trade would result in a significant tax liability to the client, Broadwing will contact the client to obtain permission to trade the account, or instructions to refrain

from trading the account.

Broadwing is also authorized to request disbursements from the account for the purpose of collecting its management fee from the account, or to disburse funds to the client at the client's request. Funds disbursed to the client must be paid to the owner of the account and sent to the address of record, or electronically transferred to an identically registered account with the same custodian or other financial institution.

This arrangement is established by signing the Broadwing Capital IAA and by initialing and signing the Charles Schwab Institutional account opening application. The client can revoke this authorization at any time by providing written notice to the Schwab.

Voting Client Securities

Broadwing Capital does not have authority to vote securities proxies. Clients will receive proxies directly from the custodian. On issues of particular import, Broadwing will recommend how to vote the proxy, unless there is a conflict of interest in doing so. Clients are free to contact Broadwing to discuss particular proxies.

Financial Information

Broadwing Capital is financially sound. There are no conditions that would reasonably impair its ability to meet contractual commitments to clients. In addition, Broadwing Capital does not require or solicit the prepayment of \$1,200 or more, 6 or more months in advance.

Requirements for State-Registered Advisors

This section is not required as Broadwing Capital is registered with the Securities and Exchange Commission

Privacy Policy

This privacy notice is sent on behalf of Broadwing Capital Advisors, Inc. (Broadwing) and its advisor representatives. Broadwing Capital Advisors, Inc. is a registered investment advisor that handles all fee-based advisory relationships.

We recognize our obligation to keep information about you secure and confidential. It's important for you to know that we do not sell your information to anyone. We restrict access to nonpublic personal information about you to those representatives and employees who need to know that information to provide products and services to you. We also maintain physical, electronic, and procedural safeguards to guard your nonpublic personal information. This notice describes how we handle your financial information we collect in doing our business.

Broadwing collects nonpublic personal information about you from applications and other forms which they receive from you and from oral and e-mail communications. r

All of the information that Broadwing collects through its representatives who are also employed in other nonaffiliated businesses such as tax preparation will necessarily be disclosed to them in those other capacities. And information they collect from you in those other nonaffiliated capacities will necessarily also be known to them as representatives of Broadwing. In both cases, however, they will not disclose the information if you notify us that you do not want the information used in any capacity other than the one in which you have dealt with the representative.

If you wish to opt out of such disclosure, please call 415-381-7555. By opting out, it will prevent disclosure of your information between Broadwing and Broadwing's representative's additional business pursuits. For example, if a Broadwing representative also runs a tax practice, that representative would not be able to discuss tax business with you without first getting your permission.

At such time as Broadwing and the representative terminate their relationship with one another, information that has been disclosed by one to the other may be retained by both of them if they have so agreed as a part of a transfer of such portion of the business as was previously handled by the representative.

To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account. What this means to you: When you open an account, we will ask for your name, address, date of birth, and other information that will allow us to identify you. We may also ask to see a current government issued identification including your driver's license or other identifying documents.

We may also provide nonpublic personal information about you to nonaffiliated third parties as permitted by law. An example of this would be the sharing of your information with the Department of Business Oversight, which oversees our activities. Another example would be the sharing of your information with a mutual fund or other such company in order to process your business.

In accordance with regulatory requirements Broadwing Capital Advisors, Inc. maintains a Business Continuity Plan that describes what steps will be taken to ensure the continuity of our business operation in the event of an unanticipated disaster. The plan has been designed with procedures to ensure that client documentation will be accessible, and that contact between Broadwing Capital and its clients will be sustained. Additionally, Broadwing maintains a Code of Ethics that describes our policies and procedures and how we conduct business. If you would like to receive a copy of the Broadwing Capital Business Continuity Plan, please contact Kelly Kane at 415-381-7555.

