

Item 1 – Cover Page



Bay Capital Advisors, LLC
582 Lynnhaven Parkway, Suite 302
Virginia Beach, VA 23452
757-816-0967
www.baycapitaladvice.com

Date of Brochure: APRIL 2024

This brochure provides information about the qualifications and business practices of Bay Capital Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at 757-963-5699 or 757-816-0967 or 757-478-6523. 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 Bay Capital Advisors is also available on the SEC's website at www.adviserinfo.sec.gov. You can view the firm's information on this website by searching for Bay Capital Advisors. You may search for information by using Bay Capital Advisors' name or by using Bay Capital Advisors' CRD number. The CRD number for Bay Capital Advisors is 140796.

*Registration as an investment advisor does not imply a certain level of skill or training.

Item 2 – Material Changes

Since our last amendment was filed in January 2024, we haven't had any material changes. However, with this amendment, we are adding Fidelity as a recommended custodian for clients who may prefer an alternative to Schwab.

We will ensure that you receive a summary of material changes, if any, to this and subsequent disclosure brochures within 120 days after our fiscal year ends. Our fiscal year ends on December 31 so you will receive the summary of material changes, if any, no later than April 30 each year. At that time, we will also offer a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes as necessary.

Item 3 – Table of Contents

Item 1 – Cover Page	1
Item 2 – Material Changes	2
Item 3 – Table of Contents	3
Item 4 – Advisory Business	4
Description of Advisory Firm	4
General Description of Primary Advisory Services	4
Client Assets Managed by Bay Capital	4
Portfolio Management Services	4
Tailor Advisory Services to Individual Needs of Clients	5
Investment Analysis and Corporate Planning Services	6
Item 5 – Fees and Compensation	8
Portfolio Management and Investment Advisory Services	9
Investment Analysis and Corporate Planning Services	10
General Information on Advisory Services and Fees	12
Item 6 – Performance-Based Fees and Side-By-Side Management	12
Item 7 – Types of Clients	12
Minimum Investment Amounts Required	12
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss	13
Methods of Analysis in Formulating Investment Advice	13
Investment Strategies when Managing Client Assets and/or Providing Investment Advice	14
Risk of Loss	14
Item 9 – Disciplinary Information	16
Item 10 – Other Financial Industry Activities and Affiliations	16
Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading	16
Code of Ethics Summary	16
Affiliate and Employee Personal Securities Transactions Disclosure	17
Item 12 – Brokerage Practices	18
Client Directed Brokerage Arrangements	19
Block Trading Policy	19
Item 13 – Review of Accounts	19
Account Reviews and Reviewers	19
Statements and Reports	20
Item 14 – Client Referrals and Other Compensation	20
Item 15 – Custody	20
Item 16 – Investment Discretion	21
Item 17 – Voting Client Securities	21
Item 18 – Financial Information	21
Customer Privacy Policy	22

Item 4 – Advisory Business

Description of Advisory Firm

Bay Capital Advisors, LLC (referred to as “Bay Capital” or “BCA” throughout this document) is an investment advisor registered with the Securities and Exchange Commission. Bay Capital is a limited liability company formed under the laws of the Commonwealth of Virginia.

- Bay Capital has been registered as an investment advisor since May 2006.
- Bay Capital’s controlling owners and managing members are Jim Flinchum, Joe Sallee and Vivian Honeycutt.
- Bay Capital’s Chief Compliance Officer is Jim Flinchum.
- Bay Capital offers personalized investment advisory services, as well as individualized financial planning services, including estate planning.

General Description of Primary Advisory Services

The following are brief descriptions of Bay Capital’s primary services. A detailed description of Bay Capital’s services is provided in Item 5 – Fees and Compensation so that clients and prospective clients can review the services and description of fees in a side-by-side manner.

Bay Capital considers itself experienced enough to specialize in the following areas:

- Investment management and estate planning
- Investment Management specializing in a suitable mix of mutual funds, exchange traded funds (ETFs), equities, fixed income investments, options, and other general securities
- Investment management services focusing on fundamental analysis on a top-down basis, beginning with a macro-economic analysis
- Comprehensive financial planning

Client Assets Managed by Bay Capital

The amount of client assets managed by Bay Capital totaled \$155,149,960 as of January 1, 2024. The entire amount is managed on a discretionary basis. See Item 16 – Investment Discretion for more information.

Portfolio Management Services

This is the main service offered by Bay Capital and most clients receiving this Disclosure Brochure will be signing up for Portfolio Management Services. The service involves providing clients with continuous and on-going supervision over client accounts. This means that Bay Capital will monitor a client’s account as appropriate and make trades in client accounts when appropriate. Typically, Bay Capital will have discretion on the client’s accounts which means Bay Capital can buy and sell securities without talking to the client prior to each buy/sell decision.

Types of Investments

When providing Portfolio Management Services, Bay Capital typically constructs each client’s asset allocation using exchange-traded funds, institutional and no-load mutual funds, fixed income and other types of investments, as appropriate, to help achieve the Client’s investment goals. When appropriate for

building a core-satellite portfolio, managed mutual or exchange traded funds are often used and preferred for small-cap and emerging market exposure. It is not Bay Capital's typical investment strategy to attempt to time the market but may increase or decrease cash holdings modestly as deemed appropriate by the firm, based on the client's risk tolerance and the firm's expectations of market behavior. Bay Capital prefers not to select individual securities but will do so if client has a history of and a preference for such investments. Bay Capital may change its investment strategy to accommodate special situations like: low basis stock, stock options, legacy holdings, inheritances, closely held businesses, collectibles, or special tax situations.

With some exceptions, Bay Capital is willing to offer advice on most types of investments owned by a client and, at the specific request of a client, will explore investment options not currently owned by a client.

The following are some of the general categories of securities that Bay Capital will advise.

- Exchange-listed securities
- Securities traded over-the-counter
- Exchange Traded Funds (ETFs), including Exchange Traded Notes (ETNs)
- Foreign issues
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Mutual fund shares
- United States government securities
- Options contracts on securities
- Interests in partnerships investing in real estate, oil and gas interests
- Bay Capital may provide advice to a client regarding real estate investment trusts, real estate partnerships and other private placement investments. These types of investments are often illiquid, which means that the investments can be difficult to trade and consequently can limit a client's ability to sell the investments in a timely manner and at an advantageous price. Additionally, some investments may not have registered pursuant to the Securities Act of 1933, and therefore the client will need to complete a subscription agreement showing the client is an "accredited" investor (as defined by applicable law and rules and regulations) and acknowledge that he or she has read and understands the private placement memorandum and is aware of the various risk factors associated with such an investment.

Tailor Advisory Services to Individual Needs of Clients

Bay Capital's services are always provided based on the individual needs of the individual client. Because of this, the portfolios of different clients will often be very different, reflecting the individual client. Clients are given the ability to impose restrictions on their accounts including specific investment selections and sectors. We work with each client on a one-on-one basis through interviews and question-and-answer sessions to determine the client's investment objectives and suitability information.

During our data-gathering process, we help clients determine their individual objectives, time horizons, risk tolerance, and liquidity needs. We may also review and discuss a client's prior investment history, as well as family composition and background. Account supervision is guided by the stated objectives of the

client (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

Investment Analysis and Corporate Planning Services. Investment Analysis Services are best described as providing specific advice regarding the portfolio or asset holdings of the client, but not implementing investment decisions or having any trading authority over account holdings. Corporate Planning Services are designed to assist businesses and corporations make cash management and refinancing decisions. These services can be combined or provided separately depending on the needs of each individual client and are less commonly provided than Portfolio Management Services.

In these cases, the services provided by BCA will address those specific areas of concern and will be included in a Financial Planning/Consulting Agreement negotiated by BCA and the client. Advice is based on objectives communicated, either orally or in writing, by the client and the BCA advisor. Consulting services may be provided through individual consultations and/or a written project document.

Project-Based Consulting Fee

BCA may provide, to the extent requested by the client, non-discretionary project-based consulting services on a negotiable, stand-alone separate fee basis. Consulting services are typically offered to non-portfolio management clients who do not require ongoing investment counsel but seek advice in one or more specific areas of their life (including investment and non-investment related matters). To accommodate those individuals, BCA is able to provide Project-Based Consulting Services on a more modular level. Fees for this service are discussed in Item 5, below.

Comprehensive Subscription Based Financial Planning

This service involves working one-on-one with a planner over an extended period of time. By paying a monthly or quarterly subscription fee, clients get continuous access to a planner who will work with them to design their plan. The planner will monitor the plan, recommend any changes and ensure the plan is up to date.

Upon requesting a comprehensive plan, a client will be taken through establishing their goals and values around money. They will be required to provide information to help complete the following areas of analysis: net worth, cash flow, insurance, credit scores/reports, employee benefit, retirement planning, insurance, investments, college planning and estate planning. Once the client's information is reviewed, their plan will be built and analyzed, and then the findings, analysis and potential changes to their current situation will be reviewed with the client. Clients subscribing to this service will receive a written or an electronic report, providing the client with a detailed financial plan designed to achieve his or her stated financial goals and objectives. If a follow up meeting is required, we will meet at the client's convenience. The plan and the client's financial situation and goals will be monitored throughout the year and follow-up phone calls and emails will be made to the client to confirm that any agreed upon action steps have been carried out. On an annual basis there will be a full review of this plan to ensure its accuracy and ongoing appropriateness. Any needed updates will be implemented at that time.

Comprehensive Financial Planning and Project-Based Consulting Topics

We provide financial planning services on topics such as retirement planning, risk management, college savings, cash flow, debt management, work benefits, and estate and incapacity planning. Financial planning is a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. Clients purchasing this service will receive a report, providing the client with a detailed financial plan designed to assist them in achieving their stated financial goals.

In general, the financial plan will address one or more of the areas described below. The client and advisor will work together to select the specific areas to cover. These areas include, but are not limited to, the following:

- **Business Planning:** We provide consulting services for clients who currently operate their own business, are considering starting a business, or are planning for an exit from their current business. Under this type of engagement, we work with you to assess your current situation, identify your objectives, and develop a plan aimed at achieving your goals.
- **Cash Flow and Debt Management:** We will review your income and expenses to determine your current cash flow situation and provide advice on how to use any surplus or how to reduce expenses if they exceed your income. Advice may also be provided on which debts to pay off first based on factors such as the interest rate of the debt and any income tax ramifications. We may also recommend what we believe to be an appropriate emergency fund, along with a review of accounts (such as money market funds) for such emergency fund.
- **College Savings:** We will develop a plan to assist you in reaching your college savings goals for yourself, your children or your grandchildren, as appropriate. This includes projecting the amount that will be needed to achieve college or other post-secondary education funding needs, along with strategies for ways to save and invest for the projected amount.
- **Employee Benefits Optimization:** We will review and provide an analysis as to whether you, as an employee, are taking the maximum advantage possible of your employee benefits. If you are a business owner, we will consider and/or recommend the various benefit programs that can be structured to meet both business and personal retirement goals.
- **Estate Planning:** We always recommend that you consult with a qualified attorney when you initiate, update, or complete estate-planning activities. We will review and provide an analysis of your current estate plan, which includes, as applicable, your will, powers of attorney, trusts and other related documents. Our analysis will typically discuss appropriate estate planning strategies that should be discussed with your estate planning attorney as useful in meeting your goals. If new documents are prepared by your attorney, we will assist you in reviewing these documents.
- **Financial Goals:** We will help clients identify financial goals and develop a plan to reach them. We will assist you in identifying your goals and developing a plan of action to meet your goals.
- **Insurance:** We will review existing policies to assist in determining if you have proper coverage for life, health, disability, long-term care, liability, home and automobile.
- **Investment Analysis:** We will help you determine your risk tolerance and investment goals. We will develop an asset allocation strategy for your current investable assets within your tolerance and designed to meet your goals. We will provide information on investment vehicles and strategies, reviewing employee stock options, as well as assisting you in establishing your own investment account at a selected broker/dealer or custodian, if appropriate. The strategies and types of investments we may recommend are further discussed in Item 8 of this brochure.
- **Retirement Planning:** We will provide a projection on the likelihood of achieving your retirement goals using your current and projected retirement assets, focusing on financial independence as the primary goal. For situations where projections show less than the needed retirement assets, we will make recommendations on ways to get closer to or attain your retirement goals (e.g., working longer, saving more, spending less). If you are near retirement or already retired, advice

may be given on appropriate distribution strategies to minimize the likelihood of running out of money or having to adversely alter spending during your retirement years.

- **Risk Management:** We will conduct a risk management review including an analysis of your exposure to major risks that could have a significant adverse impact on your financial picture, such as premature death, disability, property and casualty losses. Advice may be provided on ways to minimize such risks and about weighing the costs of purchasing insurance versus the benefits of doing so and, likewise, the potential cost of not purchasing insurance (“self-insuring”).
- **Tax Efficiency Strategies:** We will provide advice on ways to minimize current and future income taxes as a part of your overall financial planning picture. For example, we may make recommendations on which type of account(s) or specific investments should be owned based in part on their “tax efficiency,” with consideration that there is always a possibility of future changes to federal, state or local tax laws and rates that may impact your situation.^[SEP] We always recommend that you consult with a qualified tax professional before initiating any tax planning strategy. With your approval, we will participate, as appropriate, in meetings or phone calls between you and your tax professional.^[SEP] If you do not work with a tax professional, we may provide you with contact information for accountants and/or attorneys who specialize in this area. Note: BCA is not compensated by any accountants, attorneys, or other tax professionals that we refer you to.
- **Educational Workshops and Seminars.**^[SEP] BCA may periodically host educational workshops and/or seminars about a variety of financial related topics. The workshops or seminars are not designed to provide specific and personal advice to a specific Client. The workshops and/or seminars are educational in nature and provide impersonal advice to attendees.

Client Tailored Services and Client Imposed Restrictions

We offer the same suite of services to all BCA clients; however, specific client financial plans and their implementation are dependent upon the client and their current situation (e.g., income, investable assets, tax brackets, and risk tolerances), which is used to construct a client specific plan. Before financial planning or project-based consulting occurs, your BCA advisor will provide an engagement letter with an outline of the financial planning areas and topics that will be evaluated during the process, and the expected fee for completion of the plan or project.

Item 5 – Fees and Compensation

In addition to the information provided in Item 4 – Advisory Business, this section provides details regarding Bay Capital's services along with descriptions of each service's fees and compensation arrangements.

If a new client does not receive this Brochure at least 48 hours prior to signing Bay Capital's Portfolio Management and Consultation Services Agreement, also known as the Client Services Agreement, the client may terminate the agreement within five (5) business days of signing the agreement without incurring any advisory fees.

Effective the date of this Brochure, the fee schedule provided for the services described below will be applicable to new clients. All prior clients will be grandfathered in and their Portfolio Management and Consultation Services Agreement will remain in effect.

Portfolio Management and Investment Advisory Services

Bay Capital provides investment advisory services utilizing asset allocation strategies designed to meet each client's objectives. To preserve the customized portfolio management of Bay Capital, no typical allocation software is used. Bay Capital will consult with the client on a regular basis, or as determined by the client, to review the accounts managed or supervised by Bay Capital. Bay Capital will, when needed, suggest changes in the selection of investment options to more effectively address each client's goals. Bay Capital provides portfolio management services, which can best be described as providing continuous investment advice to a client (or making investments for the client) based on the individual needs of the client. Through this service, Bay Capital offers a customized and individualized investment program for each client. A specific investment strategy and investment policy is crafted to focus on each specific client's goals and objectives.

Typically, Bay Capital reviews a client's portfolio on a quarterly basis and may or may not rebalance the client's assets at that time. Rebalancing is not a panacea for investment prudence, as it suggests rigid adherence to Modern Portfolio Theory and its Efficient Frontier concept. During client reviews and meetings, Bay Capital re-educates the client about prudent investing and may provide information on new investment products and services, and new academic research that affects the client. Clients have the responsibility to re-educate Bay Capital too, updating their financial status, objectives, and constraints, and focusing on any changes since the last meeting. All of this is used to update the client's portfolio management strategy, which may include the risk tolerance level and the client's written investment policy statement. Finally, if it is expected to result in a benefit to the client, Bay Capital reallocates the client's portfolio. Bay Capital calculates an asset allocation designed for the client's unique objectives and constraints.

Bay Capital may provide portfolio management services through accounts maintained at a qualified custodian recommended by Bay Capital or selected by the client. Bay Capital may also provide portfolio management services to Client 401(K), 403(B) or other qualified retirement accounts maintained by their employers. Under this agreement, Bay Capital will be granted trading authorization on the client's account. Please refer to Item 16 – Investment Discretion for more information.

For portfolio management services, Bay Capital charges an annual fee of 1% of the client's assets under management, subject to negotiation. The annual fee is divided and billed monthly in advance and is based on the market value of the assets under management on the last business day of the previous month. Fees will be assessed pro rata in the event the portfolio management agreement is executed at any time other than the first day of a calendar month. The annual fee is negotiable based on the client's amount of assets, financial complexity, and overall services needed. The exact fee charged to each client will be stated in the client's portfolio management and consultation services agreement.

Payment will be made via fee deduction directly from the client's account provided the client provides written authorization permitting the fees to be paid directly from their account to Bay Capital. Bay Capital will not have access to client funds for payment of fees without client consent in writing. When fees are deducted from an account, Bay Capital is responsible for calculating the fee and delivering instructions to the custodian. When Bay Capital instructs the custodian to deduct fees from the client's account; Bay Capital will send the client an invoice itemizing the fee. Itemization shall include the formula used to calculate the fee, the amount of assets under management the fee is based on, and the time period covered by the fee.

Further, the qualified custodian will deliver, at least quarterly, an account statement directly to the client or client's independent representative showing all disbursements from the account, including the amount of the advisory fee when deducted directly from the account. The client is encouraged to review their account statements for accuracy. Bay Capital will receive a duplicate copy of the statement that was delivered to the client.

For some select family members and close friends of Bay Capital personnel, we offer a reduced or waived fee for portfolio management services. If a fee is assessed, it is an annual fixed fee of \$100, payable in arrears during the month of December. The \$100 is due and payable upon the client's receipt of an invoice from our firm. An example of a client being charged the reduced fee is Jim Flinchum's father. The decision to offer the reduced fee is at the sole discretion of the client's primary BCA advisor.

Bay Capital or the client may terminate the management agreement within five days of the date of acceptance without penalty to the client. After the five-day period, either party, upon 30 days' written notice to the other, may terminate the management agreement. In the event of termination, the client will receive a pro-rated refund based on the number of days service is provided during the final month. The final refund will be based on the market value of the assets under management on the date of termination.

Investment Analysis and Corporate Planning Services

Bay Capital provides Investment Analysis and Corporate Planning Services for an hourly fee. Such services can be combined or provided to clients separately and are consultative in nature. Bay Capital does not implement recommendations provided through this service. It is the responsibility of the client contracting for services to make final decisions regarding the implementation of any recommendations and advice provided by Bay Capital.

Investment Analysis Services can be described as providing specific advice regarding the portfolio or asset holdings of the client. Bay Capital will review the client's investment accounts and other investment holdings to provide specific recommendations and analysis of the holdings. Investment Analysis Services may take into consideration, but are not limited to, each client's objectives, risks that they are willing to undertake, investment knowledge, net worth, and income. Based on the submitted data and information compilation, portfolios are reviewed, and recommendations are provided by Bay Capital.

Corporate Planning Services focus on cash management and refinancing decisions. Cash management is the strategy by which a company administers and invests its cash. It can also be defined as the control of cash collections. Refinancing is the process of paying off an existing loan with the proceeds from a new loan, usually of the same size, and using the same property as collateral. Bay Capital helps clients contracting for this service calculate how much the up-front money used to purchase a new loan would be worth when the savings are received. Other reasons to refinance include reducing the term of a longer mortgage, or switching between a fixed-rate and an adjustable-rate mortgage. Such services are provided to small businesses and corporations.

Investment Analysis and Corporate Planning Services may be provided on a one-time basis or provided on-going as requested by the client. Bay Capital encourages all clients to have their financial situations and investment accounts subsequently reviewed on a regular basis. Investment Analysis and Corporate Planning Services are billed on an hourly rate. The rate set for the hourly fee and the number of hours expected to be provided are negotiable with the client based upon factors such as, but not necessarily limited to, the complexity of the client's situation and the actual services to be provided. As policy of Bay Capital, the fee will not exceed \$350 per hour.

Bay Capital will provide the client with an advance written estimate of the amount of hours needed to complete Investment Analysis and Corporate Planning Services, the hourly rate, and the terms of payment. If it is later determined that the total cost will exceed the maximum amount quoted, Bay Capital will contact the client to receive authorization to provide additional services. Hourly fees are billed monthly in arrears. Payment is due upon client's receipt of an invoice delivered by Bay Capital.

Investment Analysis and Corporate Planning Services terminate upon written notice by either party. In the event services are terminated within five (5) days of executing the agreement for services, no fees shall be due. In the event services are terminated after the initial five (5) day period but prior to Bay Capital completing the agreed upon services, the client will owe Bay Capital a fee for the hours worked prior to notification of the termination.

If a client decides to accept any of Bay Capital's recommendations, it will be client's responsibility to implement any recommendations. Bay Capital will not have trading authorization for any of client's accounts and Bay Capital will not have direct access to client's accounts. At no time will Bay Capital have direct access to client funds and securities under these services. The client's qualified custodian(s) will maintain custody of all funds and securities.

Comprehensive Financial Planning (one-time)

Bay Capital services include developing a comprehensive financial plan for a fixed fee. The fixed fee will be agreed to in a written engagement letter before the start of any work. The fixed fee can range between \$3,500 and \$10,000 and is typically based on a \$350 per hour rate. The fee is negotiable depending on the complexity and scope of the plan. Fifty percent (50%) of the fee is due at the time the Financial Planning Service Agreement is signed, and the remaining Fifty percent (50%) is due at presentation of the final plan.

Comprehensive Financial Planning (ongoing)

Bay Capital provides on-going comprehensive financial planning to assist clients with the implementation and tracking of their plan. The fee for this service can either be through an on-going monthly subscription fee or on an hourly basis. The on-going monthly subscription fee is typically based on an annual fee of 1.25% of household gross income. The hourly fee will not exceed \$350 per hour. A written engagement letter will be provided to the client describing services and the agreed to fee before the start of any work.

Typical areas covered include, but are not limited to:

- Budgeting and cash flow analysis
- Retirement planning analysis
- Employer sponsored retirement account analysis
- Estate planning analysis
- Investment allocation review (allocation only)
- Education planning
- Insurance analysis
- Other topics agreed to by Bay Capital and the client

Bay Capital may assist its clients with both financial planning and portfolio management. These are two (2) separate and distinct services, and separate fees as described in preceding sections apply. Both services will have a separate agreement describing the services provided and fee charged. These fees may be negotiated together or separately.

Comprehensive financial planning services may be terminated with written notice at least 5 days in advance. Upon termination of the account, any unearned fee will be refunded to the client.

An engagement letter discussing financial planning topics covered and the agreed to fee will be provided to the client before the start of any work

Project Based Financial Planning

Project Based Financial Planning will generally be offered on a fixed fee basis. In special circumstances it may be offered on an hourly basis at a rate of \$350 per hour, paid in arrears on a monthly basis. This service may be terminated with 5 days' notice. Upon termination, any unearned fee will be prorated and refunded to the client.

Fixed fees will be determined on a case-by-case basis with the fee based on the complexity and scope of the work. Note: Bay Capital will not bill an amount above \$500 more than 6 months in advance.

Educational Workshops and Seminars

Bay Capital may deliver educational and information seminars or workshops for clients and prospective clients. A fee for a Bay Capital hosted seminar is not charged for admittance to the seminar or workshop. However, Bay Capital may receive requests to speak at a seminar or workshop hosted by a business or other entity and may receive a speaker's fee, plus reimbursement for any travel expenses (if applicable). Attendees at a seminar or workshop are not required to become clients of Bay Capital.

General Information on Advisory Services and Fees

All Bay Capital Advisors are fee-only advisors. The fees charged are calculated as described above and are not charged on the basis of a share of capital gains upon or capital appreciation of the funds of an advisory client. It does not receive any payments from mutual funds known as 12(b)-1 fees. It also does not receive any "mark-up" on bonds purchased for clients.

Clients may incur certain charges imposed by custodians, brokers and other third parties such as custodial fees, wire transfer and electronic fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual fund and exchange-traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges and fees are exclusive of and in addition to Bay Capital's fee. Bay Capital does not and shall not receive any portion of these fees and costs.

Item 6 – Performance-Based Fees and Side-By-Side Management

Item 6 of the Form ADV Part 2 instructions is not applicable to Bay Capital's brochure. Bay Capital does not charge or accept performance-based fees which can be defined as fees based on a share of capital gains on or capital appreciation of the assets held within a client's account.

Item 7 – Types of Clients

Bay Capital generally provides portfolio management and investment advice, and as applicable financial planning services to the following types of clients.

- Individuals (including Trusts and Estates)
- High-Net Worth Individuals
- Business Entities
- Charitable organizations

All clients are required to execute an agreement for services in order to establish a client arrangement with Bay Capital.

Minimum Investment Amounts Required

Bay Capital normally requires a minimum investment amount of \$1,000,000 for portfolio management services. Exceptions to the minimum may be granted at the discretion of Bay Capital.

There is no minimum requirement for Investment Analysis and Corporate Planning Services.

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

Methods of Analysis in Formulating Investment Advice

Cyclical - Analyzes the investments sensitive to business cycles and whose performance is strongly tied to the overall economy. For example, cyclical companies tend to make products or provide services that are in lower demand during downturns in the economy and higher demand during upswings. Examples include the automobile, steel, and housing industries. The stock price of a cyclical company will often rise just before an economic upturn begins, and fall just before a downturn begins. Investors in cyclical stocks try to make the largest gains by buying the stock at the bottom of a business cycle, just before a turnaround begins.

While most economists and investors agree that there are cycles in the economy that need to be respected, the duration of such cycles is generally unknown. An investment decision to buy at the bottom of a business cycle may actually turn out to be a trade that occurs before or after the bottom of the cycle. If done before the bottom, then downside price action can result prior to any gains. If done after the bottom, then some upside price action may be missed. Similarly, a sell decision meant to occur at the top of a cycle may result in missed opportunity or unrealized losses. The risk of cyclical analysis is that it is largely subjective.

Fundamental - A method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of companies). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). This method of security analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

The risk associated with fundamental analysis is that it is largely subjective. While a quantitative approach is possible, fundamental analysis usually entails a qualitative assessment of how market forces interact with one another in their impact on the investment in question. It is possible for those market forces to point in different directions, thus necessitating an interpretation of which forces will be dominant. This interpretation may be wrong and could therefore lead to an unfavorable investment decision.

Geo-political – An approach of evaluating risks of governmental-created anomalies in the normal functioning of markets. There is no technical method of this analysis. With globalization, this approach takes on increasing importance.

The risk associated with this analysis method is that, independent of normal market movements in the U.S., the international economies have an increasingly strong impact on our U.S. markets. These geo-political changes are even more difficult to predict, which requires thoughtful diversification of those risks.

Investment Strategies when Managing Client Assets and/or Providing Investment Advice

Bay Capital does not fully trust “modern portfolio theory” (MPT) in the management of client portfolios but does use some of its key concepts. Basically, MPT suggests that client returns can be increased while risk is reduced over the long term by an allocation among different asset classes determined by a technique known as the “efficient frontier”. Bay Capital has learned that the correlations assumed in MPT and the efficient frontier change too much over time to be predictable. In addition, MPT measures volatility by use of a statistical technique known as standard deviation, which Bay Capital deems is a poor measure of risk.

Therefore, the firm loosely employs the basic concept of MPT, but often combines it with a “core-satellite” approach, whereby the body of the portfolio is allocated among the asset classes similar to MPT but allocates some satellite portion of the portfolio to particular investment opportunities that Bay Capital believes is in the best interests of the client. This customized target asset allocation is documented in the client’s written investment policy statement, signed by both the client and Bay Capital.

In addition, we use some of the following general practices.

- Long term purchases. Investments held at least a year.
- Short term purchases. Investments sold within a year.
- Trading. Investments sold within 30 days.
- Short sales. This practice is strongly discouraged by Bay Capital, as the loss could be theoretically infinite. A short sale is generally the sale of a stock not owned by the investor. Investors who sell short believe the price of the stock will fall. If the price drops, the investor can buy the stock at the lower price and make a profit. If the price of the stock rises and the investor buys it back later at the higher price, the investor will incur a loss. Short sales require a margin account. Bay Capital will only enter into this type of trade for a client, if requested in writing and signed by the client, the client’s attorney, and the client’s CPA.
- Margin transactions. When an investor buys a stock on margin, the investor pays for part of the purchase and borrows the rest from a brokerage firm. For example, an investor may buy \$5,000 worth of stock in a margin account by paying for \$2,500 and borrowing \$2,500 from a brokerage firm. Clients cannot borrow stock from Bay Capital.
- Option writing including covered options, uncovered options, or spreading strategies. Options are contracts giving the purchaser the right to buy or sell a security, such as stocks, at a fixed price within a specific period of time. Generally speaking the firm will only do covered calls to generate income but not to speculate on price changes.

For those investors who require individual securities instead of mutual funds or ETFs, Bay Capital relies heavily on multiple research and ratings of firms, such as CFRA and Thomson ONE Analytics. Finally, Bay Capital accepts some recommendations and discards other recommendations, based on the sole discretion of your Bay Capital advisor. Bay Capital does not rely on the frequent trading of securities. The frequent trading of securities may have a positive or negative impact on investment performance. Performance from active trading can be lowered due to an increase in brokerage and other transaction costs.

Risk of Loss

Past performance is seldom indicative of future results. Therefore, no current or prospective client should assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities involves risk of loss. Further, depending on the different types of investments there

may be varying degrees of risk. Clients and prospective clients should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, Bay Capital does not represent, warrant, or imply that the services or methods of analysis offered by Bay Capital can or will predict future results, successfully identify market tops or bottoms, or insulate any client from losses due to market corrections or declines. There are certain additional risks associated when investing in securities through our investment management program.

- Market Risk – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- Equity (stock) market risk – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- Company Risk. When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- Fixed Income Risk. When investing in bonds, there is the risk that issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk. Generally speaking, the value of bonds is inversely related to interest rates, i.e., the value of bonds decreases as interest rates increase.
- Options Risk. Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.
- ETF and Mutual Fund Risk – When our firm invests in an ETF or mutual fund, it will bear additional expenses based on its pro rata share of the ETFs or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. Clients may also incur brokerage costs when purchasing ETFs or mutual funds.

- **Management Risk** – Your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.

Item 9 – Disciplinary Information

This item is not applicable to Bay Capital's brochure because Bay Capital has not been subject to any legal or disciplinary events, including those listed at Item 9 of the Form ADV Part 2 instructions.

Item 10 – Other Financial Industry Activities and Affiliations

Bay Capital is an independent investment advisory firm and only provides financial planning and investment advisory services. The firm is not engaged in any other business activities and offers no other services than those described in this Disclosure Brochure.

Bay Capital is **not** and does **not** have a related company that is a (1) broker/dealer, municipal securities dealer, government securities dealer or broker, (2) investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund), (3) other investment adviser or financial planner, (4) futures commission merchant, commodity pool operator, or commodity trading advisor, (5) banking or thrift institution, (6) accountant or accounting firm, (7) lawyer or law firm, (8) pension consultant, (9) real estate broker or dealer, (10) sponsor or syndicator of limited partnerships or (11) insurance company.

As part of our Firm's belief in doing our part in the community, Bay Capital may provide occasional pro bono investment advice to local non-profit organizations. This advice is not provided through a client relationship and there is no compensation received by Bay Capital or any of its advisors.

Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading

Code of Ethics Summary

Unlike some other companies and financial professionals offering investment-related services, an investment advisor is considered a fiduciary. As a fiduciary, it is an investment advisor's responsibility to provide fair and full disclosure of all material facts. In addition, an investment advisor has a duty of utmost good faith to act solely in the best interest of each of its clients.

As an investment advisor, Bay Capital and its employees have a fiduciary duty to all clients. Bay Capital has established a Code of Ethics that all employees must read. They must then execute an acknowledgment agreeing that they understand and agree to comply with Bay Capital's Code of Ethics. The fiduciary duty of Bay Capital and its employees to clients is considered the core underlying principle for Bay Capital's Code of Ethics and represents the expected basis for all employees' dealings with clients.

- Bay Capital has the responsibility to make sure that the interests of clients are placed ahead of it or its employees' own investment interests.
- All employees will conduct business in an honest, ethical and fair manner. All employees will comply with all federal and state securities laws at all times.

- Full disclosure of all material facts and potential conflicts of interest will be provided to clients prior to services being conducted.
- All employees have a responsibility to avoid circumstances that might negatively affect or appear to affect the employees' duty of complete loyalty to their clients.

This section is only intended to provide current clients and potential clients with a description of Bay Capital's Code of Ethics. If current clients or potential clients wish to review Bay Capital's Code of Ethics in its entirety, a copy may be requested from any of Bay Capital's employees and a copy will be provided promptly.

Affiliate and Employee Personal Securities Transactions Disclosure

Bay Capital and its employees may buy or sell – for their personal account(s) - investment products identical to those recommended to Clients. It is the expressed policy of Bay Capital that no person employed by Bay Capital may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, and therefore, preventing such employees from benefiting from transactions placed on behalf of advisory accounts. Bay Capital has established the following restrictions in order to ensure its fiduciary responsibilities:

- Bay Capital emphasizes the unrestricted right of clients to specify investment objectives, guidelines, and/or conditions on the overall management of their accounts.
- Employees or their immediate family members shall not buy or sell securities for their personal portfolio(s) where their decision is derived in any way, by reason of the employee's employment, unless the information is also available to the investing public on reasonable inquiry.
- Employees are not allowed to prefer their own interests over the interests of clients. Investment opportunities must be offered first to clients before Bay Capital or employees may participate in such transactions.
- Bay Capital and its employees are not allowed to participate in private placements or initial public offerings (IPOs) without pre-clearance from Bay Capital's Chief Compliance Officer.
- Bay Capital requires that employees must follow all applicable federal and state regulations governing investment advisory firms.
- Records will be maintained of all securities bought or sold by Bay Capital, its employees, and certain employee family members. Bay Capital's Chief Compliance Officer will review these records on a regular basis.
- Any individual not in observance of the above may be subject to termination.

It should be noted that Bay Capital's personal employee trading policy has been established recognizing that some securities being considered for purchase and/or sale on behalf of Bay Capital's clients trade in sufficiently broad markets to permit transactions by clients to be completed without an appreciable impact on the markets of the securities. Under certain circumstances, exceptions may be made to the policies stated above. Records of employee and client trades, including the reasons for the exceptions, will be maintained with Bay Capital's records in the manner set forth above.

Bay Capital's supervision of its employees' personal investment accounts do not cover certain types of securities, such as obligations of the U.S. Government, and shares in open-end mutual funds. Open-end mutual funds are purchased or redeemed at a fixed net asset value price per share specific to the date of purchase or redemption. As such, transactions in mutual funds by Advisory Representatives are not likely to have an impact on the prices of the fund shares in which clients invest.

Bay Capital also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by Bay Capital or any person associated with Bay Capital.

Item 12 – Brokerage Practices

To utilize our asset management services, Bay Capital will recommend that you establish or maintain a brokerage account with Charles Schwab ("Schwab") through their Institutional Platforms or with Fidelity Institutional Wealth Services ("Fidelity"). Schwab and Fidelity are members of FINRA/SIPC/NFA. Schwab and Fidelity are independent and unaffiliated registered broker-dealers, will act solely in their broker-dealer capacity and not as an investment adviser to you, and are chosen by Bay Capital to maintain custody of clients' assets and to effect trades for their accounts. Schwab and Fidelity have no discretion over your account and will act solely on instructions they receive from Bay Capital.

It should be noted that not all investment advisory firms require or even recommend the use of a specific brokerage platform. By directing clients to open accounts through Charles Schwab or Fidelity, Bay Capital may be unable to achieve the most favorable execution of client transactions and the use of Charles Schwab or Fidelity may be more expensive than other brokerage platforms.

The primary factor in suggesting a particular broker-dealer or custodian is that the services of the firm are provided in a cost-effective manner. While quality of execution at the best price is an important determinant, best execution does not necessarily mean lowest price and it is not the sole consideration. The trading process of any broker-dealer chosen or suggested by Bay Capital must be efficient, seamless, and straight-forward. Overall custodial support services, trade correction services, and statement preparation are some of the other factors determined when suggesting a broker-dealer.

Bay Capital participates in the Schwab Advisor Services program and the Fidelity Institutional Wealth Services program. Bay Capital may recommend Charles Schwab or Fidelity as a result of its participation in their programs, to serve as broker/dealer and qualified custodian for client accounts. Charles Schwab and Fidelity offer independent investment advisers services, which include custody of securities, trade execution, clearance and settlement of transactions.

The recommendation of Charles Schwab or Fidelity is based on past experiences, minimizing commissions and other costs as well as the offerings and services provided that Bay Capital and/or its clients may require or find valuable such as online access. Clients may pay commissions higher than those obtainable from other broker/dealers in return for those products and services. Commission and fee structures as well as the services and offerings of various broker/dealers are periodically reviewed to ensure clients are receiving best execution given the totality of the situation. Accordingly, while Bay Capital does consider competitive rates, Bay Capital may not necessarily obtain the lowest possible commission rates for client account transactions. Therefore, Bay Capital's review focuses on a qualitative analysis, which compares the overall services provided by Charles Schwab or Fidelity against the services provided by its competitors to determine the overall best execution provided.

There is no direct link between Bay Capital's participation in the programs and the investment advice it gives to its clients, although Bay Capital receives certain economic benefits through its participation in the Charles Schwab Institutional program and the Fidelity Institutional Wealth Management Services program. These benefits include: receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Bay Capital participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to clients' accounts); the ability to have advisory fees deducted directly from clients' accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, technology, and practice management products or services provided to Bay Capital by third party vendors. The benefits received by Bay Capital do not depend on the amount of brokerage transactions directed to Charles Schwab or Fidelity.

As part of its fiduciary duties to clients, Bay Capital endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Bay Capital in and of itself creates a potential conflict of interest. These benefits may indirectly influence Bay Capital's choice of Charles Schwab or Fidelity as the broker-dealer.

Client Directed Brokerage Arrangements

Some clients may instruct Bay Capital to use one or more particular brokers, other than Charles Schwab or Fidelity, for the transactions in their accounts. Clients who may want to direct Bay Capital to use a particular broker should understand that Bay Capital may be unable to effectively negotiate brokerage compensation on their behalf. When directing brokerage business, clients should consider whether the commission expenses and execution, clearance and settlement capabilities that they will obtain through their broker are adequately favorable in comparison to those that Bay Capital would otherwise obtain for its clients. Clients are encouraged to discuss available alternatives with their Bay Capital Advisor.

Block Trading Policy

Transactions implemented by Bay Capital for client accounts are generally affected independently, unless the firm decides to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading or block trading and is used by the firm when Bay Capital believes such action may prove advantageous to clients. It is rare that Bay Capital will place transactions on block trades reflecting the individualized nature of portfolio management for each client portfolio. However, in the event of a severe market correction, block trades may be utilized to move all clients in or out of positions as quickly as possible. It should be noted that in some cases trading on a block basis may be less expensive than implementing numerous individual trades.

When Bay Capital aggregates client orders, the allocation of securities among client accounts will be done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among the firm's clients in proportion to the purchase and sale orders placed for each client account on any given day. When Bay Capital determines to aggregate client orders for the purchase or sale of securities, including securities in which Bay Capital may invest, the firm will do so in accordance with the parameters set forth in the SEC No-Action Letter,

SMC Capital, Inc. It should be noted; Bay Capital does not receive any additional compensation or remuneration as a result of aggregation.

Item 13 – Review of Accounts

Account Reviews and Reviewers

Client accounts are monitored on a periodic basis. Reviews are conducted by your Bay Capital Advisor. Bay Capital's Chief Compliance Officer may provide instructions on the management of your account to your Bay Capital Advisor. Formal reviews are triggered by changes in client circumstances, client request, or unusual market activity. Additional reviews may be provided at the client's request, material changes in the client's financial condition or pursuant to the terms of the executed agreement for services.

Statements and Reports

Clients or their independent representatives are provided with statements from the client's qualified custodian. Statements are sent no less frequently than quarterly. Most custodians will send statements on a monthly basis when there is activity in the underlying account(s). Statements may be provided electronically.

Item 14 – Client Referrals and Other Compensation

Bay Capital does not directly or indirectly compensate anybody for client referrals. Bay Capital may on a limited basis enter into a solicitor agreement with and receive compensation from third-party money managers ("Outside Managers") for specialized portfolio management services. If this occurs, all compensation received shall be clearly and fully disclosed.

The main form of compensation received by Bay Capital is the fee it charges for providing investment advisory services (as described in Items 4 and 5 of this brochure). Bay Capital receives no other forms of compensation in connection with providing investment advice.

Item 15 – Custody

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment advisor has the ability to access or control client funds or securities, the investment advisor is deemed to have custody and must ensure proper procedures are implemented.

- Bay Capital is deemed to have custody of client funds and securities whenever Bay Capital is given the authority to have fees deducted directly from client accounts.

It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody

For accounts in which Bay Capital is deemed to have custody, Bay Capital has established procedures to ensure all client funds and securities are held at a qualified custodian (for example Charles Schwab or Fidelity) in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those

statements and are urged to compare the statements against reports received from Bay Capital. When clients have questions about their account statements, they should contact Bay Capital or the qualified custodian preparing the statement

Whenever Bay Capital deducts advisory fees from client accounts, Bay Capital will send an invoice to the client informing the client that fees are being deducted from the account. The fee invoice will provide an Itemization of the fee including the formula used to calculate the fee, the amount of assets under management the fee is based on, and the time period covered by the fee.

Item 16 – Investment Discretion

Through its portfolio management services and upon receiving written authorization from a client, Bay Capital will maintain trading authorization over client accounts. Upon receiving written authorization from the client, Bay Capital will implement trades on a **discretionary** basis. The client provides such authorization in our agreement for services. By using discretion, we will have the authority to determine the type of securities and the amount of securities that can be bought or sold for the client's portfolio without obtaining the client's consent for each transaction.

All clients have the ability to place reasonable restrictions on the types of investments that may be purchased in an account. Clients may also place reasonable limitations on the discretionary power granted to our firm so long as the limitations are specifically set forth or included as an attachment to the client agreement.

Further, clients may exercise the right to not grant any trading authorization to Bay Capital. Bay Capital and the client shall mutually agree, in writing, to the precise authorization provided to Bay Capital.

Item 17 – Voting Client Securities

Bay Capital does not vote proxies on behalf of its clients. While there are some investment advisors that will vote proxies and other corporate decisions on behalf of their clients, Bay Capital has determined that taking on the responsibility for voting client securities results does not add enough value to the services provided to clients to justify the additional compliance and regulatory costs associated with voting client securities. Therefore, it is the responsibility of Bay Capital clients, if they wish, to vote all proxies for securities held in accounts managed by Bay Capital.

Clients will receive proxies directly from their custodian or transfer agent and such documents will not be delivered to clients from Bay Capital. While Bay Capital does not vote client proxies, if a client has a question about a particular proxy the client can contact their Bay Capital Advisor.

Item 18 – Financial Information

This item is not applicable to Bay Capital's brochure. Bay Capital does not require or solicit prepayment of more than \$500 in fees per client, six months or more in advance. Therefore, Bay Capital is not required to include a balance sheet for its most recent fiscal year. Bay Capital is not subject to a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. Finally, Bay Capital has not been the subject of a bankruptcy petition at any time.

Customer Privacy Policy

Like most industries today, the financial services industry is rapidly being shaped by technology, which is literally changing the way we do business. To be successful in this environment, we must continue to ensure that our customers are confident that we will manage their financial affairs expertly and confidentially.

At Bay Capital Advisors, LLC, our customers have access to a broad range of products and services. To deliver these products and services as effectively and conveniently as possible, it is essential that we use technology to manage and maintain certain customer information.

We want to assure all of our customers that whenever information is used, it is done with discretion. The safeguarding of customer information is an issue we take seriously at Bay Capital Advisors, LLC. To affirm our continuing commitment to the proper use of customer information, we have set the following Privacy Principles. It is these Privacy Principles that guide us in serving the privacy needs of our customers.

1. Recognition of a Customer's Expectation of Privacy: At Bay Capital Advisors, LLC, we believe the confidentiality and protection of customer information is one of our fundamental responsibilities. And while information is critical to providing quality service, we recognize that one of our most important assets is our customers' trust. Thus, the safekeeping of customer information is a priority for Bay Capital Advisors, LLC.

2. Use, Collection, and Retention of Customer Information: Bay Capital Advisors, LLC limits the use, collection, and retention of customer information to what we believe is necessary or useful to conduct our business, provide quality service, and offer products, services, and other opportunities that may be of interest to our customers. Information collected may include, but is not limited to: name, address, telephone number, tax identification number, date of birth, employment status, annual income and net worth.

3. Maintenance of Accurate Information: Bay Capital Advisors, LLC recognizes that it must maintain accurate customer records. Therefore, Bay Capital Advisors, LLC has established procedures to maintain the accuracy of customer information and to keep such information current and complete. These procedures include responding to requests to correct inaccurate information in a timely manner.

4. Limiting Employee Access to Information: At Bay Capital Advisors, LLC, employee access to personally identifiable customer information is limited to those with a business reason to know such information. Employees are educated on the importance of maintaining the confidentiality of customer information and on these Privacy Principles. Because of the importance of these issues, Bay Capital Advisors, LLC employees are responsible for maintaining the confidentiality of customer information and employees who violate these Privacy Principles will be subject to disciplinary measures.

5. Protection of Information via Established Security Procedures: Bay Capital Advisors, LLC recognizes that a fundamental element of maintaining effective customer privacy procedures is to provide reasonable protection against the unauthorized access to customer information. Therefore, Bay Capital Advisors, LLC has established appropriate security standards and procedures to guard against any unauthorized access to customer information.

6. Restrictions on the Disclosure of Customer Information: When it comes to sharing customer information with unaffiliated companies, Bay Capital Advisors, LLC places strict limits on who receives specific information about customer accounts and other personally identifiable data. Bay Capital Advisors, LLC does NOT share information with such companies even if they provide a product or service that may benefit our customers.

We may share information with unaffiliated companies that assist us in providing our products and services to our customers; in the normal course of our business (for example, with consumer reporting agencies and government agencies); when legally required or permitted in connection with fraud investigations and litigations; in connection with acquisitions and sales; and at the request or with the permission of a customer.

7. Maintaining Customer Privacy in Business Relationships with Third Parties: We will not disclose the identity, affairs, or investments of any client to any third party unless consent has been obtained from the client unless required by law, an order of a court or a regulatory agency. If we provide personally identifiable customer information to a third party with which we have a business relationship, we will insist that the third party keep such information confidential, consistent with the conduct of our business relationship.

8. Disclosure of Privacy Principles to Customers: Bay Capital Advisors, LLC recognizes and respects the privacy expectations of our customers. We want our customers to understand our commitment to privacy in our use of customer information. As a result of our commitment, we have developed these Privacy Principles which are made readily available to our customers. Customers who have questions about these Privacy Principles or have a question about the privacy of their customer information should contact Jim Flinchum, at 757-963-5699 or via email at jim@baycapitaladvice.com, or Joe Sallee, at 757-816-0967 or via email at joe@baycapitaladvice.com or Vivian Honeycutt, at 757-478-6523 or via e-mail at vivian@baycapitaladvice.com.

In the event that Bay Capital Advisors, LLC has a change to its customer privacy policy that would allow us to disclose non-public information not covered under applicable law, Bay Capital Advisors, LLC will allow its clients the opportunity to opt-out of such disclosure.