

Item 1 – Cover Page

Kane Capital Management, LLC

19403 Sunset Meadow

210-382-5415

kanecapital.net

February 10, 2012

This Brochure provides information about the qualifications and business practices of Kane Capital Management, LLC. If you have any questions about the contents of this Brochure, please contact us at 210-382-5416 or info@kanecapital.net. 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.

Kane Capital Management is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Kane Capital Management also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated February 10, 2012 is a new document prepared according to the SEC’s new requirements and rules. As such, this Document is materially different in structure and requires certain new information that our previous brochure did not require.

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Steven Kane, Managing Member at 210-382-5416 or sk@kanecapital.net. The Brochure is also available on our web site kanecapital.net also free of charge.

Additional information about Kane Capital Management is also available via the SEC’s web site www.adviserinfo.sec.gov. The SEC’s web site also provides information about any persons affiliated with Kane Capital Management who are registered, or are required to be registered, as investment adviser representatives of Kane Capital Management.

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Item 4 – Advisory Business

Kane Capital Management, LLC is a San Antonio, Texas based registered investment advisory firm specializing in risk adjusted equity portfolio management. The firm was founded in 2001 and provides discretionary and non-discretionary services.

Steven M. Kane, 62, owner of Kane Capital Management, has over 35 years of portfolio management, trading, investment research experience and hedge fund management.

After graduating from The Johns Hopkins University in 1972, Mr. Kane served in various capacities related to investment management, first, as a senior manager in the equity options trading department at Wheat First Securities in Richmond, Virginia, and then as a Wall St. money manager in New York City. Mr. Kane was also an off-the-floor trader for the proprietary accounts of several Wall Street investment firms, trading in equities, stock options, option collars, and option overlay strategies. In 1984, Mr. Kane became a partner in a regional government securities and investment banking firm in Austin, Texas.

Mr. Kane has managed the investment portfolios of state governments, pension funds, proprietary Wall Street firm trading accounts, and depository institutions. In addition to the many years experience of actively managing fixed income and equity portfolios, Mr. Kane is most highly regarded for his success in developing sophisticated techniques for both short term and long term institutional investors based on fundamental and technical analysis methods for portfolio management. Mr. Kane was the founder and general partner of Sentry Capital Fund, Ltd., a long/short hedge fund established in 2001 through 2006.

Kane Capital Management (KCM) offers fee based discretionary and non-discretionary portfolio investment advisory services pertaining to financial instruments for individual accounts.

Clients who elect KCM to provide full discretionary services will have security transactions placed on their behalf when deemed necessary and prudent by the investment managers without obtaining specific client consent. Each non-institutional client will be required to complete a Confidential Information Document containing important personal and financial information. Requested information includes investment goals, income requirements, time horizons, and risk tolerance. KCM may require the client to amend the original Client Information Document if there are any significant changes. Based upon the analysis of this data, KCM will develop a portfolio for each client and will consult with the client on the overall investment strategy to be implemented. KCM will then implement the chosen investment strategy for the client through the purchase of securities that are deemed appropriate risk adjusted choices for the client. KCM will then monitor each

client's portfolio and will make changes in both asset allocation as well as specific security selections.

Clients who desire non-discretionary services will receive a price quote in advance and will be billed after the services are rendered.

KCM manages \$1,000,000 of client assets on a discretionary basis and manages \$7,000,000 of client assets on a non-discretionary basis as of 12/31/2011.

Item 5 – Fees and Compensation

The annual fee schedule for portfolio management services is:

- Individual client equity portfolios 1.0% - 2.0% of net assets
- Individual client fixed-income portfolios 0.10% - 1.0% of net assets

Fees are negotiable.

The specific manner in which fees are charged by KCM is established in the client's written agreement with KCM. KCM will generally bill its fees in advance on a quarterly basis. Clients may also elect to be billed directly for fees or to authorize KCM to directly debit fees from client accounts. Management fees shall not be prorated for each capital contribution and withdrawal made during the applicable calendar quarter. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded.

KCM's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus.

Such charges, fees and commissions are exclusive of and in addition to KCM's fee, and KCM does not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that KCM considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation.

Item 6 – Performance-Based Fees

KCM does not charge any performance-based fees.

Item 7 – Types of Clients

KCM provides portfolio management services to individuals, high net worth individuals, corporate pension and profit-sharing plans, Taft-Hartley plans, charitable institutions, foundations, endowments, private investment funds, trust programs, and other U.S. institutions.

Individual account minimums are \$500,000.

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

KCM uses a combination of fundamental, technical and quantitative methods to determine security selection. Fundamental criteria include earnings growth, earnings acceleration, industry exposure to macroeconomic themes, relative stock value and visibility.

Quantitative criteria include earnings relative to industry, earnings relative to the market, and market sector relationships. Technical criteria include accumulation and distribution patterns, relative performance to market indices and relative performance to industry groups.

Investing in securities can involve one or all of the following risks:

- market risk
- sector risk
- individual security risk.

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

An understanding of risk management is essential to every investment program and investment strategy. Our philosophy is that risk management must be integrated with each investment program. The risk management strategy is designed to limit risk and lower volatility.

This is accomplished by diversification among market sectors, investment in liquid issues utilizing sophisticated option strategies, employing long/short techniques, short selling, and proper beta position sizing.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of KCM or the integrity of KCM's management. KCM has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

KCM is not actively engaged in a business other than giving investment advice, nor sells products or services other than investment advice to clients.

Item 11 – Code of Ethics

KCM has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at KCM must acknowledge the terms of the Code of Ethics annually, or as amended.

KCM anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which KCM has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which KCM, its affiliates and/or clients, directly or indirectly, have a position of interest. KCM's employees and persons associated with KCM are required to follow KCM's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of KCM and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for KCM's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of KCM will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of KCM's clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity

to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between KCM and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with KCM's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. KCM will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

KCM's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Steven M. Kane.

It is KCM's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. KCM will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

Item 12 – Brokerage Practices

KCM will recommend a custodian, which may be a broker/dealer, at the request of clients for either safekeeping or transactions of the client's securities. In such cases where KCM recommends a broker/dealer and receives research services provided by the broker/dealer, these research services will be for the benefit of all clients of KCM. KCM strives to make broker/dealer relationships available to clients where transaction costs reflect fair and reasonable charges for the services provided. While it is not KCM's intention

to seek the lowest transaction cost possible, it is in the interest of both the client and KCM to limit the cost of securities transactions, as such costs reduce the rate of return on client accounts. The research services KCM anticipates obtaining from brokers is financial information or data relating to the economy, capital markets and individual securities. This information may be communication in printed, verbal or electronic form. While not anticipated, KCM may obtain products or services, which facilitate the conduct of its business, other than standard research services previously described. Whenever such products or services are obtained through commissions generated by a client's account, prior approval will be obtained by KCM from the client. Soft dollar benefits are not proportionally allocated to any accounts that may generate different amounts of the soft dollar benefits.

Item 13 – Review of Accounts

Accounts are reviewed at least monthly, with quarterly reporting. Quarterly reports are delivered at quarterly reviews or as desired by the client. More frequent reviews may be conducted based on economic events, changes in markets, changes in account value, or client circumstances.

Account reviews are conducted by Steven M. Kane, Chairman of the Investment Committee and owner of Kane Capital Management. All accounts are reviewed by Steven M. Kane in order to review that account holdings and activity continue to reflect client's stated account objectives.

Broker/Dealer statements are provided monthly to individual account holders by their custodian, but no less than quarterly where no account activity has occurred. Performance reporting is generated when requested using industry standard reports conforming to AIMR standards.

Item 14 – Client Referrals and Other Compensation

KCM pays a 50% referral fee to Mr. George Fillis, the 100% owner of Paschal Capital Advisors, Inc., A Texas registered Investment Advisor, from all fees received from the referred client. This is fully disclosed to the client verbally and in written form in the Investor Manager Agreement which the client is required to sign.

Item 15 – Custody

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. Kane Capital Management urges you to carefully review such statements and compare such official

custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Item 16 – Investment Discretion

KCM usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, KCM observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, KCM's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Investment guidelines and restrictions must be provided to KCM in writing in the Investor Management Agreement.

Item 17 – Voting Client Securities

As a matter of firm policy and practice, Kane Capital Management does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Kane Capital Management may provide advice to clients regarding the clients' voting of proxies.

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Kane Capital Management's financial condition. Kane Capital Management has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.