

Firm Brochure

(Part 2A of Form ADV)

Banes Capital Management, LLC

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March 31, 2011

This Brochure provides information about the qualifications and business practices of BANES CAPITAL MANAGEMENT, LLC. If you have any questions about the contents of this Brochure, please contact us at: 901-261-5900, or by email at JBANES@BANESCAPITAL.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.

Banes Capital Management, LLC is a registered investment adviser. Registration as 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 would use to determine whether to hire or retain an Adviser.

Additional information about Banes Capital Management, LLC is available on the SEC's website at www.adviserinfo.sec.gov.

Material Changes

Annual Update

The Material Changes section of this brochure will be updated annually, and when material changes occur since the previous release of the Firm Brochure.

Material Changes since the Last Update

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 March 31, 2011 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 will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Full Brochure Available

Our Brochure may be requested by contacting Joel L. Banes, Chief Manager, at 901-261-5900 or Jbanes@Banescapital.com. Our Brochure is also available on our web site www.banescapital.com, also free of charge.

Additional information about Banes Capital Management, LLC 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 Banes Capital Management, LLC who are registered, or are required to be registered, as investment adviser representatives of Banes Capital Management, LLC.

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Advisory Business

Firm Description

Banes Capital Management, LLC, was founded in 2005.

Banes Capital Management, LLC (“BCM”) or “the adviser” provides investment advice to private funds, private investment partnerships and other clients such as:

- BCM High Income Fund, LP (the “Fund”); and
- BCM Funding, LLC (the “Financing Subsidiary”).

Banes Capital Management, LLC manages both BCM High Income Fund, LP and BCM Funding, LLC, investing in guaranteed portions of Small Business Administration (“SBA”), Business & Industry, and Farm Services Agency loans; SBA pools and debentures; and interest-only strips.

By the terms of the advisory agreement between the adviser and its clients, the Partnership and the Financing Subsidiary, BCM will manage its clients’ portfolios and implement agreed upon investment strategies: to warehouse, trade and/ or hold loans, pools, and interest only strips.

Principal Owners

Banes Capital Management, LLC is wholly- owned by Joel L. Banes, who is also the Chief Manager of BCMGP Funds, LLC & Banes Capital Group, LLC, BCM’s General Partner. He is also a registered representative of Shay Financial Services, Inc., a broker-dealer, and serves as the Managing Director, Sr. Vice President, and Branch Manager of Shay Financial Services in Memphis, TN.

Types of Advisory Services

Banes Capital Management, LLC provides investment supervisory services, also known as asset management services. BCM offers advice on United States government securities. BCM advises the Fund and the Financing Subsidiary in investing in the guaranteed portions of Small Business Administration loans, Business & Industry loans, and Farm Services Agency loans; SBA pools; and interest-only strips. The loans will take the form of loan packages with assignments or loan certificates. The pools will take the form of Depository Trust Certificates. The interest-only strips will take the form of either receipt for multiple originator fees or certificate fees. The core strategy is to warehouse, trade and/or hold loans, pools, and/or interest-only strips while looking for restructuring opportunities. BCM will advise the Fund or the Financing Subsidiary to sell, restructure or otherwise liquidate the assets subject to market conditions.

As of December 31, 2010, Banes Capital Management, LLC managed approximately \$320,710,304 in assets for approximately 3 clients.

Approximately \$320,710,304 of these assets are managed on a discretionary basis, and \$0.00 are managed on a non-discretionary basis.

Tailored Relationships

The goals and objectives for each client are documented in the Investment Advisory Agreements.

No limits other than those set forth expressly in the Investment Advisory Agreement and the client's obligations under its credit facilities are imposed on the types of securities or other instruments which the advisor may take or invest in on behalf of clients, the concentration of its investments, the amount of leverage it may employ or the extent of short positions it may take.

The advisor is given the authority to pursue strategies at its discretion and to employ such techniques as it considers appropriate in the clients' best interests, taking into consideration the market at the time of decision.

Agreements may not be assigned by BCM or the client without the prior written consent of either party.

Termination of Agreement

A Client may terminate any of the aforementioned agreements at any time by notifying BCM in writing. Upon cancellation of the agreements by either party, unearned fees will be remitted to the client by BCM.

BCM may terminate any of the aforementioned agreements at any time by notifying the client in writing. If the client made an advance payment, BCM will refund any unearned portion of the advance payment.

BCM does not sponsor or participate in any wrap fee programs.

Fees and Compensation

Description

Banes Capital Management, LLC bases its fees on a percentage of assets under management.

The Fund shall pay BCM an annual Investment Advisory Fee of 0.25% of the net asset value of the Fund reduced by the aggregate investment advisory fees paid to BCM by the Financing Subsidiary, accrued monthly and payable quarterly, in arrears.

The Financing Subsidiary shall pay BCM an annual management fee of 0.25% of the equity interest of the Financing Subsidiary in the assets held in the Financing Subsidiary, accrued monthly and payable quarterly in arrears.

Fees are *NOT NEGOTIABLE*.

Fee Billing

Investment Advisory fees are billed quarterly, in *ARREARS*, meaning that we invoice clients *AFTER* the three-month billing period has *ENDED*. Payment in full is expected upon invoice presentation. Fees are usually deducted from a designated client account to facilitate billing. The client must consent in advance to direct debiting of their investment account if the client chooses this payment method.

Other Fees

Banes Capital Management, LLC fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients will incur any broker commissions, custodial fees, licensing fees (if any), transfer and other taxes, legal, research, auditing, accounting and tax preparation fees and expenses and interest expense related to advisory services.

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

Joel Banes, a registered representative of Shay Financial Services, Inc., a broker-dealer, earns brokerage commissions on the sale of securities. These brokerage commissions are Mr. Banes's primary source of compensation from advisory clients. This practice creates a potential conflict of interest such that recommendations to clients for certain investment products could be based upon the compensation received. This practice is disclosed to all BCM clients. BCM monitors this potential conflict and makes investment recommendations based only upon the best interests of the client. Clients also have the option to purchase investment products through other broker-dealers that are not affiliated with BCM if they notify us at the time the investment advisory relationship begins.

Performance-Based Fees and Side-By-Side Management

Sharing of Capital Gains

In some cases, Banes Capital Management, LLC will enter into performance fee arrangements with qualified clients. BCM will structure any performance or incentive fee arrangement subject to the Investment Advisors Act of 1940 and all other applicable rules and exemptions. In measuring clients' assets for the calculation of performance-based fees, BCM shall include realized and unrealized capital gains and losses. Performance-based fee arrangements may create an incentive for BCM to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment

opportunities. At this time, BCM client accounts are focused on strategies that employ distinctively different products. Since neither strategy competes for the same product, there is no conflict of interest between the clients.

Types of Clients

Description

Banes Capital Management, LLC currently provides investment advice to private funds, private investment partnerships, and investment companies, including the Fund, and the Financing Subsidiary.

Account Minimums

For the Fund and the Financing Subsidiary, the Portfolio target minimum size is \$100 million and its premium exposure in any one loan aims at 5% or less of the equity investment. This level cannot be assured if the portfolio falls below the \$100 million level. To protect the premium, the advisor seeks to maintain the portfolio minimum at \$100 million.

There are no account minimums for the private investment partnership.

No minimum fee is assessed to the clients.

Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

Banes Capital Management, LLC provides investment advisory services in a niche marketplace where definitive methods of analysis are not readily available. Joel Banes has been trading government guaranteed loans for over 25 years, has pooled SBA 7(a) loans, and uses his knowledge of the industry to analyze the market. The sources of information for analysis are his own, ranging from knowledge of where to purchase the product, understanding every aspect of the securitization process, and knowing where to sell the product.

Other sources of information that BCM may use include Bloomberg, Colinet, and other trusted internet products.

Investment Strategies

BCM's primary investment strategy focuses on investing in guaranteed portions of SBA, B&I and FSA loans; SBA pools and interest-only strips. The loans will take the form of loan packages with assignments or loan certificates. The pools will take the form of Depository Trust Certificates. The interest-only strips will take the form of either receipt for multiple originator fees or certificate fees. The core strategy is to warehouse, trade and/or hold loans, pools, and/or interest-only strips while looking for restructuring opportunities. BCM will advise the

Fund or the Financing Subsidiary to sell, resecuritize or otherwise liquidate the assets subject to market conditions.

The investment strategy for a specific client is based upon the objectives stated by the client. Each client executes an Investment Advisory Agreement that documents their objectives and their desired investment strategy.

Other strategies may include long-term purchases, short-term purchases, trading, high quality government guaranteed paper and its by-products.

The private investment partnership buys corporate bonds focused across the credit curve within certain industry sectors. Value is found in maturities ranging from 2-30 years and varying drastically between AAA to BB credit rating.

Risk of Loss

All investment programs have certain risks that are borne clients. Our investment approach constantly keeps the risk of loss in mind. BCM's clients face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible market events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

Disciplinary Information

Legal and Disciplinary

BCM and its employees have not been involved in legal or disciplinary events related to past or present advisory services.

Other Financial Industry Activities and Affiliations

Banes Capital Management, LLC has arrangements that are material to its advisory business or its clients with a broker-dealer and a private fund. Joel Banes, Chief Manager of BCM, and Michael Kochman, Vice President of BCM, are registered representatives of Shay Financial Services, Inc., a broker-dealer. This creates a potential conflict of interest such that recommendations to clients for certain investment products could be based upon the compensation received. This practice is disclosed to all BCM clients. BCM monitors this potential conflict and makes investment recommendations based only upon the best interests of the client.

BCMGP, LLC, a wholly-owned subsidiary of BCM is the managing member, and holds eighty percent (80%) of the outstanding membership interests of the Fund. The Fund is the sole equity member of the Financing Subsidiary. Although a potential conflict of interest exists when a supervised person manages both accounts that are charged an asset-based fee and accounts that are charged a performance-based fee, BCM monitors this potential conflict so as to ensure that the overall fees charged are fair to the Fund and are disclosed to Fund participants.

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

Code of Ethics

Banes Capital Management, LLC has adopted a Code of Ethics pursuant to SEC rule 204A-1 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 BCM must acknowledge in writing the terms of the Code of Ethics annually, or as amended.

BCM will provide a copy of the Code of Ethics to any client or prospective client upon request.

It is BCM's policy that the firm will not affect any principal or agency cross securities transactions ("cross trades") for client accounts. BCM will also not cross trade 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.

Participation or Interest in Client Transactions

Banes Capital Management, LLC and its employees may buy or sell securities that are also held by clients. Employees may not trade their own securities ahead of client trades. Employees must comply with the provisions of the BCM *Compliance Manual*, which will be provided to clients upon request, regarding any "proprietary" or personal trading.

Joel Banes, Chief Manager of BCM, is a registered representative of Shay Financial Services, Inc. (the "Broker Dealer"), a broker dealer that will effect transactions on behalf of the Fund and the Financing Subsidiary. As a registered representative of the Broker Dealer, Joel Banes may act as broker or agent for a person other than the Client while simultaneously affecting a sale or purchase for the account of its Client. These broker dealer relationships, which are disclosed to BCM's clients, are designed to enhance the client's returns by reducing aggregate commissions paid by the client. BCM monitors and documents the amount of the commissions the broker dealer earns on a monthly basis.

Michael Kochman, Vice President of BCM LLC, is a registered representative of Shay Financial Services, Inc. (the "Broker Dealer"), a broker-dealer that will effect transactions on behalf of the private investment partnership. As a

registered representative of the Broker Dealer, Michael Kochman may act as broker or agent for a person other than the Client while simultaneously affecting a sale or purchase for the account of its Client.

These broker dealer relationships, which are disclosed to BCM's clients, are designed to enhance the client's returns by reducing aggregate commissions paid by the client. BCM monitors and documents the amount of the commissions the broker dealer earns on a monthly basis and seeks best execution of all client transactions.

Brokerage Practices

Selecting Brokerage Firms

Banes Capital Management, LLC has chosen Shay Financial Services, Inc. (the "Broker Dealer") to effect transactions on behalf of the Fund and the Financing Subsidiary. The Broker Dealer will effect transactions on behalf of the Fund and the Financing Subsidiary unless BCM, in its sole discretion, terminates its relationship with the Broker Dealer.

In the event that BCM terminates its relationship with the Broker Dealer, BCM shall select a new broker dealer. In selecting broker dealers, BCM will be obligated to seek "best execution" of Fund and Financing Subsidiary transactions and to comply with the provisions of the Confidential Offering Memorandum of the Fund regarding "best execution" and "soft dollars". BCM *DOES NOT* receive fees or commissions from any of these arrangements.

Best Execution

Banes Capital Management, LLC reviews the broker-dealer trades monthly. The procedures of the review are documented in the BCM *Compliance Manual*. Broker-dealer fees are also reviewed on a monthly basis. BCM does not receive any portion of the trading fees.

Soft Dollars

Where, considering all relevant factors, BCM believes a broker-dealer can provide "best execution," BCM may select that broker-dealer in recognition of the value of the various services or products, beyond transaction execution, that the broker-dealer provides to the Fund, the Financing Subsidiary or BCM.

Further, the amount of compensation the Fund or the Financing Subsidiary pays such a broker-dealer may be higher than what another, equally capable broker-dealer might charge. Selecting a broker-dealer in recognition of services or

products other than transaction execution is known as paying for those services or products with “soft dollars.”

Banes Capital Management, LLC may use soft dollars to acquire a variety of “research” and “brokerage” services and products for which the Partnership or the Financing Subsidiary would not otherwise be required to pay. In a federal statute, i.e., Section 28(e) of the Securities Exchange Act of 1934 (the “Exchange Act”), the potential conflict of interest involved in this activity is recognized, but protection is provided for investment advisers such as BCM from claims that such a conflict constitutes a breach of fiduciary duty to advisory clients even if the brokerage commissions paid are higher than the lowest available if certain conditions and requirements are met.

Research obtained will be applied to the client or client(s) – that is, each fund – equally as applicable. For these purposes, “research” means services or products used to provide lawful and appropriate assistance to BCM in making investment decisions for its clients. “Brokerage services and products” are those used to effect securities transactions for BCM’s clients or to assist in effecting those transactions.

To comply with Section 28(e), BCM must, among other things, determine that commissions paid are reasonable in light of the value of the brokerage and research services and products acquired. Section 28(e)’s “safe harbor” protects the use of the Fund’s and Financing Subsidiary’s soft dollars even when the research and brokerage services and products acquired are used in making and implementing investment decisions and transactions for clients other than the Fund or the Financing Subsidiary.

Notwithstanding this protection, BCM could be considered to have a conflict of interest when it uses soft dollars in this way because it might otherwise pay cash for these soft dollar services and products. BCM may have an incentive to use broker-dealers who provide these products and services more than it otherwise would.

The types of research BCM expects to acquire include:

- Economic surveys and analyses
- Recommendations as to specific securities
- Financial database software and services
- Computerized news
- Pricing and order-entry services
- Analytical software

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- Quotation equipment and other computer hardware for use in running software used in investment decision making
 - Other products or services that may enhance BCM's investment decision making.

BCM may in the future use Fund or Financing Subsidiary soft dollars to acquire services and products that provide benefits to BCM or its affiliates that may not qualify as research and/or to pay expenses otherwise payable by BCM, LLC or its affiliates. These may include expenses of and travel to professional and industry conferences, hardware and software used in BCM's or its affiliates' administrative activities, office rent, salaries, benefits and other compensation of employees or of consultants to BCM or its affiliates, telephone charges, legal and accounting expenses of BCM or its affiliates and office services, equipment and supplies.

BCM may or may not use other clients' soft dollars to pay such expenses and, if it does, such use may not be directly proportional to the benefits to the Fund, the Financing Subsidiary and such other clients. Using soft dollars for such purposes would not be protected by Section 28(e) and BCM would have a conflict of interest in doing so, as it would have an incentive to use broker-dealers who provide or pay for products and services for which BCM or its affiliates would otherwise have to pay cash and, if soft dollars are limited, it may have an incentive to cause those expenses to be paid with soft dollars while the Fund or the Financing Subsidiary pays its own expenses with cash.

When appropriate, BCM aggregates client loans for the broker-dealer to pool in order for the client to receive best execution. Client securities generally receive best execution without being aggregated. BCM continually monitors whether aggregating securities may receive better execution for the client.

Review of Accounts

Periodic Reviews

Banes Capital Management, LLC monitors all facets of each client transaction to ensure the accuracy of all trades and settlements on a daily basis.

On a monthly basis, BCM reviews client account statements sent from Greatbanc Trust Company and Bank of America (the "Custodians"), where client assets are held.

The Fund and the Financing Subsidiary are audited at least annually by a certified public accounting firm and their respective written audited financial statements are prepared in accordance with generally accepted accounting

principles and will be distributed to all investors of the Fund and the Financing Subsidiary within 120 days of the end of its fiscal year.

Review Triggers

Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's own situation.

Regular Reports

Clients receive periodic communications on at least an annual basis.

The nature and frequency of regular reports provided to the client on their accounts is provided below:

- Monthly, the custodian(s) shall send to the Fund and each of its investors statements showing all transactions that occurred in the Fund's account during the statement period.
- Monthly, Joel Banes, the firm's investment adviser representative ("IAR") and Chief Manager will send performance statements to the Fund and to each of its investors, showing the funds and securities in the Fund's account during the period.
- At least once per year, BCM will discuss with the investors of the Fund whether the client's account management continues to reflect the Client's investment objectives, financial requirements and reasonable investment restrictions.

Client Referrals and Other Compensation

Incoming Referrals

Broker-dealers through which BCM uses soft dollar services or products generally establish "credits" based on past brokerage business that may be used to pay or reimburse BCM for specified expenses. In some cases, a broker-dealer may suggest a level of future business that would compensate the broker-dealer fully for services or products it provides. The actual transactional business of the Fund or the Financing Subsidiary with a broker-dealer may be less than the suggested level but can, and often will, exceed that level, and "credits" established may exceed the amounts used to acquire services and products. This may be in part because the investment activities of the Fund and/or the Financing Subsidiary generate aggregate commissions in excess of the aggregate suggestions from all broker-dealers providing services and products, and it may be in part because those broker-dealers may also provide superior execution and may therefore be most appropriate for particular transactions.

BCM may ask a broker-dealer who is executing a transaction to "step out" of a portion of the transaction in favor of a broker-dealer who has provided or is willing to provide products or services for soft dollars. That is, the executing

broker-dealer will allow a portion of the overall commissions or other compensation to be paid to the soft-dollar broker-dealer. This assists BCM in acquiring products and services with soft dollars while continuing to obtain best execution.

These procedures are generally consistent with the requirements of Section 28(e) when the products or services acquired constitute “research.” However, Section 28(e)’s “safe harbor” is not available where transactions are effected on a principal basis, as most transactions with market makers in over-the-counter securities are, with a markup or markdown paid to the broker-dealer.

BCM may nevertheless use such markups and markdowns as soft dollars with which to acquire services and products of the kinds described above.

BCM has a referral arrangement with Michael Warner Kochman, pursuant to which it will pay Mr. Kochman 40% of all investment management fees paid to BCM by a specified client. A copy of this solicitation arrangement has been provided to the client in accordance with the Securities Act of 1940.

Custody

SEC “Custody”

Banes Capital Management, LLC does not maintain custody of client funds or securities.

Account Statements

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client’s investment assets. Clients are urged to compare the account statements received directly from their custodians to the performance report statements provided by BCM. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Investment Discretion

Discretionary Authority for Trading

Banes Capital Management, LLC accepts discretionary authority to manage securities accounts on behalf of clients. BCM has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the 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, BCM observes the investment policies, limitations and restrictions of the clients for which it

advises. For registered investment companies, BCM'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 BCM in writing.

Before accepting discretionary authority to manage securities accounts on behalf of clients, clients are required to sign a limited power of attorney so that BCM may execute the trades that have been approved by clients.

Voting Client Securities

Proxy Votes

Due to the nature of the investment advisory services provided to BCM's clients, proxy voting is not applicable to BCM or BCM's clients.

Financial Information

Financial Condition

Banes Capital Management, LLC 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.

A balance sheet is not required to be provided because BCM does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$1,200 per client, and six months or more in advance.

Information Security Program

Information Security

Banes Capital Management, LLC maintains an information security program to reduce the risk that your personal and confidential information may be breached. Reference to the general areas of security preparedness is documented in BCM Compliance Manual.

Privacy Notice

Banes Capital Management, LLC is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us.

The categories of nonpublic information that we collect from you may include information about your personal finances, information about your health to the extent that it is needed for the financial planning process, information about transactions between you and third parties, and information from consumer

reporting agencies, e.g., credit reports. We use this information to help you meet your personal financial goals.

With your permission, we disclose limited information to attorneys, accountants, and mortgage lenders with whom you have established a relationship. You may opt out from our sharing information with these nonaffiliated third parties by notifying us at any time by telephone (901-261-5900), mail, fax, email (jbanes@banescapital.com), or in person. With your permission, we share a limited amount of information about you with your brokerage firm in order to execute securities transactions on your behalf.

We maintain a secure office to ensure that your information is not placed at unreasonable risk. We employ a firewall barrier, secure data encryption techniques and authentication procedures in our computer environment.

We do not provide your personal information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated third parties that require access to your personal information, including financial service companies, consultants, and auditors. Federal and state securities regulators may review our financial records and your personal records as permitted by law.

Personally identifiable information about you will be maintained while you are a client, and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, information may be destroyed.

We will notify you in advance if our privacy policy is expected to change. We are required by law to deliver this *Privacy Notice* to you annually, in writing.

[END OF FORM ADV PART 2A BROCHURE]