

**FORM ADV****Uniform Application for Investment Adviser Registration****Part II - Page 1****OMB APPROVAL**

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|   |                           |           |         |            |            |                   |
|---|---------------------------|-----------|---------|------------|------------|-------------------|
| Name of Investment Adviser: Arcas Capital Management, LLC |                           |           |         |            |            |                   |
| Address:  | (Number and Street)       | (City)    | (State) | (Zip Code) | Area Code: | Telephone Number: |
|   | 18 Crow Canyon Court #300 | San Ramon | CA      | 94583      | (925)      | 705-8075          |

**This part of FORM ADV gives information about the investment adviser and its business for the use of clients.  
The information has not been approved or verified by any government authority.**

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(Schedule A, B, C, D, and E are included with Part I of this Form, for the use of regulatory bodies, and are not distributed to clients.)

Potential persons who are to respond to the collection of information contained in this form  
are not required to respond unless the form displays a currently valid OMB control number.

Applicant: **Arcas Capital Management, LLC**

SEC File Number:

801-

Date:

**09/22/2010**

**1. A. Advisory Services and Fees.** (check the applicable boxes)

For each type of service provided, state the approximate % of total advisory billings from that service. (See instruction below.)

**Applicant:**

- |   |  |           |   |
|---|--|-----------|---|
| <input checked="" type="checkbox"/> (1) | Provides investment supervisory services .....   | <u>80</u> | % |
| <input checked="" type="checkbox"/> (2) | Manages investment advisory accounts not involving investment supervisory services.....  | <u>20</u> | % |
| <input type="checkbox"/> (3)            | Furnishes investment advice through consultations not included in either service described above...  | _____     | % |
| <input type="checkbox"/> (4)            | Issues periodicals about securities by subscription .....  | _____     | % |
| <input type="checkbox"/> (5)            | Issues special reports about securities not included in any service described above.....   | _____     | % |
| <input type="checkbox"/> (6)            | Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities..... | _____     | % |
| <input type="checkbox"/> (7)            | On more than an occasional basis, furnishes advice to clients on matters not involving securities...   | _____     | % |
| <input type="checkbox"/> (8)            | Provides a timing service .....  | _____     | % |
| <input type="checkbox"/> (9)            | Furnishes advice about securities in any manner not described above.....   | _____     | % |

(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)

- B. Does applicant call any of the services it checked above financial planning or some similar term? . . . . . Yes ☐ No ☒

C. Applicant offers investment advisory services for: (check all that apply)

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> (1) A percentage of assets under management | <input type="checkbox"/> (4) Subscription fees |
| <input type="checkbox"/> (2) Hourly charges                                     | <input type="checkbox"/> (5) Commissions       |
| <input type="checkbox"/> (3) Fixed fees (not including subscription fees)       | <input type="checkbox"/> (6) Other             |

D. For each checked box in A above, describe on Schedule F:

- the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee
- applicant's basic fee schedule, how fees are charged and whether its fees are negotiable
- when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date

**2. Types of clients** - Applicant generally provides investment advice to: (check those that apply)

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> A. Individuals                      | <input checked="" type="checkbox"/> E. Trusts, estates, or charitable organizations         |
| <input type="checkbox"/> B. Banks or thrift institutions                | <input type="checkbox"/> F. Corporations or business entities other than those listed above |
| <input type="checkbox"/> C. Investment companies                        | <input type="checkbox"/> G. Other (describe on Schedule F)                                  |
| <input checked="" type="checkbox"/> D. Pension and profit sharing plans |   |

**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1)**

**3. Types of Investments.** Applicant offers advice on the following: (check those that apply)

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> A. Equity securities                            | <input checked="" type="checkbox"/> H. United States government securities |
| <input checked="" type="checkbox"/> (1) exchange-listed securities                  | <input checked="" type="checkbox"/> I. Options contracts on:               |
| <input checked="" type="checkbox"/> (2) securities traded over-the-counter          | <input checked="" type="checkbox"/> (1) securities                         |
| <input checked="" type="checkbox"/> (3) Foreign issuers                             | <input checked="" type="checkbox"/> (2) commodities                        |
| <input type="checkbox"/> B. Warrants  | <input type="checkbox"/> J. Futures contracts on:                          |
| <input type="checkbox"/> C. Corporate debt securities (other than commercial paper) | <input checked="" type="checkbox"/> (1) tangibles                          |
| <input type="checkbox"/> D. Commercial paper  | <input checked="" type="checkbox"/> (2) intangibles                        |
| <input type="checkbox"/> E. Certificates of deposit                                 | <input type="checkbox"/> K. Interests in partnerships investing in:        |
| <input type="checkbox"/> F. Municipal securities                                    | <input type="checkbox"/> (1) real estate                                   |
| <input type="checkbox"/> G. Investment company securities:                          | <input type="checkbox"/> (2) oil and gas interests                         |
| <input type="checkbox"/> (1) variable life insurance                                | <input type="checkbox"/> (3) other (explain on Schedule F)                 |
| <input type="checkbox"/> (2) variable annuities                                     | <input checked="" type="checkbox"/> L. Other (explain on Schedule F)       |
| <input type="checkbox"/> (3) mutual fund shares                                     |  |

**4. Methods of Analysis, Sources of Information, and Investment Strategies.**

A. Applicant's security analysis methods include: (check those that apply)

- |   |  |
|---|--|
| (1) <input type="checkbox"/> Charting               | (4) <input checked="" type="checkbox"/> Cyclical           |
| (2) <input checked="" type="checkbox"/> Fundamental | (5) <input type="checkbox"/> Other (explain on Schedule F) |
| (3) <input checked="" type="checkbox"/> Technical   |  |

B. The main sources of information applicant uses include: (check those that apply)

- |   |   |
|---|---|
| (1) <input type="checkbox"/> Financial newspapers and magazines               | (5) <input checked="" type="checkbox"/> Timing services                     |
| (2) <input type="checkbox"/> Inspections of corporate activities              | (6) <input type="checkbox"/> Annual reports, prospectuses, filings with the |
| (3) <input checked="" type="checkbox"/> Research materials prepared by others | Securities and Exchange Commission  |
| (4) <input type="checkbox"/> Corporate rating services                        | (7) <input type="checkbox"/> Company press releases                         |
|   | (8) <input checked="" type="checkbox"/> Other (explain on Schedule F)       |

C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- |   |   |
|---|---|
| (1) <input type="checkbox"/> Long term purchases<br>(securities held at least a year)           | (5) <input checked="" type="checkbox"/> Margin transactions   |
| (2) <input checked="" type="checkbox"/> Short term purchases<br>(securities sold within a year) | (6) <input checked="" type="checkbox"/> Option writing, including covered options,<br>uncovered options or spreading strategies |
| (3) <input checked="" type="checkbox"/> Trading (securities sold within 30 days)                | (7) <input type="checkbox"/> Other (explain on Schedule F)  |
| (4) <input checked="" type="checkbox"/> Short sales   |   |

Applicant: Arcas Capital Management, LLC

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**5. Education and Business Standards.**

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients? ..... ☒ Yes ☐ No

(If yes, please describe these standards on Schedule F)

**6. Education and Business Background.**

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

- name
- year of birth
- formal education after high school
- business background for the preceding five years

**7. Other Business Activities.** (check those that apply)

- ☐ A. Applicant is actively engaged in a business other than giving investment advice.
- ☐ B. Applicant sells products or services other than investment advice to clients.
- ☐ C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F.)

**8. Other Financial Industry Activities or Affiliations.** (check those that apply)

- ☐ A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- ☐ B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.
- ☐ C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:
- |  |  |
|--|--|
| <input type="checkbox"/> (1) broker-dealer   | <input type="checkbox"/> (7) accounting firm                                       |
| <input type="checkbox"/> (2) investment company  | <input type="checkbox"/> (8) law firm  |
| <input type="checkbox"/> (3) other investment adviser  | <input type="checkbox"/> (9) insurance company or agency                           |
| <input type="checkbox"/> (4) financial planning firm   | <input type="checkbox"/> (10) pension consultant                                   |
| <input type="checkbox"/> (5) commodity pool operator, commodity trading adviser or futures commission merchant | <input type="checkbox"/> (11) real estate broker or dealer                         |
| <input type="checkbox"/> (6) banking or thrift institution   | <input type="checkbox"/> (12) entity that creates or packages limited partnerships |

(For each checked box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

- D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest?.. ☐ Yes ☒ No

(If yes, describe on Schedule F the partnerships and what they invest in.)

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**9. Participation or Interest in Client Transactions.**

Applicant or a related person: (check those that apply)

- ☐ A. As principal, buys securities for itself from or sells securities it owns to any client.
- ☐ B. As broker or agent effects securities transactions for compensation for any client.
- ☐ C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.
- ☐ D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- ☒ E. Buys or sell for itself securities it also recommended to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.)

Describe, on Schedule F, your code of ethics, and state that you will provide a copy of your code of ethics to any client or prospective client upon request.

- 10. Conditions for Managing Accounts.** Does the applicant provide investment advisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services *and* impose a minimum dollar value of assets or other condition for starting or maintaining an account?

Yes No  
☒ ☐

(If yes, describe on Schedule F)

- 11. Review of Accounts.** If applicant provides investment supervisory services, manages investment advisory account, or holds itself out as providing financial planning or some similarly termed services:

- A. Describe below the reviews and reviewers of the accounts. **For reviews**, include their frequency, different levels, and triggering factors. **For reviewers**, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

See Schedule F for detail.

- B. Describe below the nature and frequency of regular reports to clients on their accounts.

See Schedule F for detail.

**12. Investment or Brokerage Discretion.**

A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:

- |  | Yes                                 | No                                  |
|--|-------------------------------------|-------------------------------------|
| (1) securities to be bought or sold? .....           | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| (2) amount of securities to be bought or sold? ..... | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| (3) broker or dealer to be used? .....               | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| (4) commission rates paid? .....                     | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |

B. Does applicant or a related person suggest brokers to clients? ..... 

|                                     |                          |
|-------------------------------------|--------------------------|
| Yes                                 | No                       |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> |

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for product and research services received.

**13. Additional Compensation.**

Does the applicant or a related person have any arrangements, oral or in writing, where it:

- |   |                                     |                                     |
|---|-------------------------------------|-------------------------------------|
| A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients? ..... | Yes                                 | No                                  |
|   | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| B. directly or indirectly compensates any person for client referrals? .....  | Yes                                 | No                                  |
|   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |

(For each yes, describe the arrangements on Schedule F.)

**14. Balance Sheet.** Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

- has custody of client funds or securities (unless applicant is registered or registering only with the Securities and Exchange Commission); or
- requires prepayment of more than \$500 in fees per client and 6 or more months in advance

Has applicant provided a Schedule G balance sheet?..... 

|                          |                                     |
|--------------------------|-------------------------------------|
| Yes                      | No                                  |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> |

**Schedule F of  
Form ADV  
Continuation Sheet for Form ADV Part II**

|                                      |                  |                   |
|--------------------------------------|------------------|-------------------|
| Applicant:                           | SEC File Number: | Date:             |
| <b>Arcas Capital Management, LLC</b> | 801-             | <b>09/22/2010</b> |

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

|   |  |
|---|--|
| 1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:<br><b>Arcas Capital Management, LLC</b> | IRS Empl. Ident. No.:<br><b>27-2784889</b> |
|---|--|

| Item of Form<br>(identify) | Answer |
|----------------------------|--------|
|----------------------------|--------|

Page 2- #1(D)

Arcas Capital Management, LLC ("Adviser" or "Manager"), is a state registered investment adviser providing investment advisory services and specific strategies to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, and/or small businesses (herein referred to as "Client" or "Clients").

The Manager serves as the investment manager for the Arcas Covered strategies (the "Strategy" or the "Strategies"). Arcas Covered is a short-biased investment strategy which has the potential to offer an efficient as well as profitable means of reducing an investor's risk to declines in the U.S. stock market while at the same time achieving a greater return than a bond investment in gradually rising markets.

Investment Management Services and Strategies

ALPHA Strategies

ALPHA 500 Strategy is an index strategy that enables an investor to gain exposure to the broad U.S. stock market (as measured by the S&P 500). The CBOE Index, since its inception in 1986, has had higher returns than the S&P 500 with lower volatility. As calculated by the CBOE, since 1999, this Index has a cumulative return of 59.6% versus a loss of 24.8% for the S&P 500. The ALPHA 500 is designed to outperform in quiet and falling markets, and underperform in months when stock prices rise sharply

The ALPHA Stock strategy combines the stock selection methodology of value, dividend growth and growth styles of investing

ALPHA World ETF Strategy is for investors looking for exposure to the best performing stock markets outside the U.S., the ALPHA World ETF offers broad diversification. Recognizing that relative strength always changes between markets, we use a World ETF Ranking model to identify the geographies that show the strongest momentum and potential for returns greater than its benchmark

Arcas Covered Strategies

Depending on the investor's needs, investment goals and overall objectives, the investor has the choice of different Arcas Covered strategies. The choice will depend on the amount of short exposure and manager discretion that the client wants.

ARCAS Covered 30/65 ("ACX")- Client selects the basic ARCAS Covered 30/65 strategy (ACX) which is designed to minimize volatility risk and is stress tested to remain profitable if the S&P declines 24% a quarter.

ARCAS Covered 50/100 ("AC2X")- Client selects the ARCAS Covered 50/100 (AC2X) strategy which is designed to maximize returns. The AC2X objective is, on a quarterly basis, in normal market conditions to initiate a short position in the S&P 500 with a notional value equal to 50% of the investment. This is designed to provide downside equity market protection. In addition, the strategy also employs an option strategy that seeks to exploit volatility fluctuations and mispricing in the S&P 500 index puts. This is the covered put position and will result in a short index put overlay. By overlaying the short index exposure

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of  
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Continuation Sheet for Form ADV Part II**

|                                      |                  |                   |
|--------------------------------------|------------------|-------------------|
| Applicant:                           | SEC File Number: | Date:             |
| <b>Arcas Capital Management, LLC</b> | 801-             | <b>09/22/2010</b> |

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

|   |  |
|---|--|
| 1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:<br><b>Arcas Capital Management, LLC</b> | IRS Empl. Ident. No.:<br><b>27-2784889</b> |
|---|--|

| Item of Form<br>(identify) | Answer   |
|----------------------------|--|
|                            | <p>with a basket of out-of-the-money index puts sold short, the overall portfolio's target short exposure is reduced and expected returns are increased by over 14.5% annually (net of fees and costs). On average in normal markets, on an annual basis with equal distribution of quarterly returns, the expected returns for AC2X will be up 6.5% if the S&amp;P 500 is up 16% for the year, up 24.5% if the S&amp;P 500 is down 16% and in an unchanged market will return over 14.5% per year (net of fees and costs).</p> <p>AC2X is designed to be a short-biased portfolio which maintains high expected returns in most negative equity markets, generates its best relative performance in flat equity markets, and still produces positive returns in a moderately rising market (up to an S&amp;P return of 25% per year or less assuming equally distributed quarterly returns of 6% or less). In bear market conditions, the strategy is allowed to initiate a short position equal to 100% of the investor's capital and reduce the amount of the short put overlay. In addition, the strategy seeks to reduce the "short" volatility nature of the put overlay by using VIX options</p> <p>Each Arcas Covered Strategy has its own performance characteristics.</p> <p><u>Options Trading and Positioning Strategies</u></p> <p>Option trading and positioning strategies are difficult to implement profitably due to a variety of factors relating to limited liquidity, wide bid-ask quotes, impediments to efficient trade execution and shifting price volatilities, among other things. Investment managers often turn to the options market to adjust their positions at times of illiquidity or market volatility. Rarely do managers closely follow option volumes and changes in volatility. The Manager closely follows the options market and has access to systems which provide advantages both in selecting the optimal option contracts for a specific investment strategy and in executing that strategy. These advantages can exist even in market conditions where many managers are attempting to simultaneously either buy or sell due to a news event or a specific directional price movement. Option pricing expertise is invaluable in these fast-market conditions when significant mispricing occurs. Access to automated executions can prove highly valuable as a means of entering or closing out positions at the most favorable prices.</p> <p>Institutional fund managers often reduce their long market exposure with the purchase of put options or sale of call options. While this can be done on the individual equity securities held by a fund, many fund managers view their fund as a basket that tracks one or more of the stock market indexes. Therefore, they use index options for hedging. Billions of dollars in equity portfolios regularly use this hedging strategy. The Manager believes that there are two reasons why such a strategy is not optimal for reducing market exposure or enhancing returns. Most fund managers have little experience with option valuation and volatility pricing models and lack expertise in executing option strategies. These fund managers rely on the derivative departments at large investment banks for ideas and executions. They often seek hedging protection at inopportune times when the cost of hedging is expensive (when volatility is the highest). The result can be an inappropriate or costly strategy which does not add meaningfully to returns and can increase risk.</p> <p><u>Investment Management Fees</u></p> <p>The Manager charges a quarterly management fee based on the net value of the account paid in advance at the beginning of each quarterly period. The annual management fee</p> |

Complete amended pages in full, circle amended items and file with execution page (page 1).



**Schedule F of  
Form ADV  
Continuation Sheet for Form ADV Part II**

|                                      |                  |                   |
|--------------------------------------|------------------|-------------------|
| Applicant:                           | SEC File Number: | Date:             |
| <b>Arcas Capital Management, LLC</b> | 801-             | <b>09/22/2010</b> |

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

| 1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:<br><b>Arcas Capital Management, LLC</b> |  | IRS Empl. Ident. No.:<br><b>27-2784889</b> |
|---|--|--|
| Item of Form<br>(identify)  | Answer   |  |
|   | <p>structure is 1.5% on the Alpha Stock and Alpha World, and 0.75% on Alpha 500. Regarding the ARCAS Covered strategies, the annual fee structure is 2.5% for ACX and 4% for AC2X</p> <p>A pro rata fee will be assessed to any client account opened intra-quarter which shall be calculated on a daily valuation basis and shall be based on the client's assets under management. A pro rata refund of fees charged will be made if a Client account is closed within the billing period with 30 days prior notice by mail to Adviser.</p> <p>Fees are not collected for services to be performed more than six (6) months in advance. The Adviser does not have custody of client's funds or securities. Additionally, fees are negotiable on an individual basis at the firm's discretion.</p> <p><u>Use of Interactive Brokers ("IB")</u></p> <p>The Manger can implement the Strategies through the investor's account at their regular custodian broker (Schwab, Fidelity etc); however, if the investor's account is an IRA, the Strategies are more easily implemented through a separately managed account at Interactive Brokers (IB) (<a href="http://www.interactivebrokers.com">www.interactivebrokers.com</a>). The Manager believes that clients will benefit from IB's worldwide direct market access to various exchanges for stocks, options, and futures. IB accounts are protected by SIPC. The Manager does not receive any commissions, incentives or rebates from IB. There are no conflicts of interest between the Manager and IB.</p> <p>The Arcas Covered Strategies are speculative investment strategies, may involve substantial risk and is suitable only for a limited portion of the risk segment of a prospective client's portfolio. In addition to the risks mentioned above, there are other risk factors such as model risk, trading risk, market volatility and increases in option volatility risk, lack of option market liquidity risk, and leverage risk.</p> <p>Clients who wish to terminate their account must notify Adviser verbally within five (5) business days of its execution with written notice to follow within the next twenty-four (24) hours. If services are terminated within (5) business days of executing the client agreement, services will be terminated without penalty. After the initial five (5) business days, the client may be responsible for payment of fees for the number of days services are provided by Adviser prior to receipt of the notice of termination.</p> |  |
| Page 3-#3(L)  | The Adviser may offer advice on using options contracts.   |  |
| Page 3-#4(B)(8)   | The Adviser will use option volatility research as one of its main sources of information as well as research on cyclical and secular trends in the equities market.   |  |
| Page 4- #5  | Adviser requires certain licensing standards as well as a certain level of business experience for giving investment advice to clients. For example, all advisors must be professionals with relevant industry experience in order to adequately demonstrate a certain level of expertise in securities management and analysis. The Firm requires that all investment adviser representatives maintain the minimum licensing qualifications in accordance with all federal, state, and self-regulatory organization (SRO) rules and regulations.  |  |
| Page 4- #6  | The Manager develops, implements and manages the Strategy. Its principal, Stephen R  |  |

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of  
Form ADV  
Continuation Sheet for Form ADV Part II**

|                                      |                  |                   |
|--------------------------------------|------------------|-------------------|
| Applicant:                           | SEC File Number: | Date:             |
| <b>Arcas Capital Management, LLC</b> | 801-             | <b>09/22/2010</b> |

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

|   |  |
|---|--|
| 1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:<br><b>Arcas Capital Management, LLC</b> | IRS Empl. Ident. No.:<br><b>27-2784889</b> |
|---|--|

| Item of Form<br>(identify) | Answer  |
|----------------------------|---|
|                            | <p>Ward, has substantial experience in trading equity securities, options and futures contracts and other derivative instruments both on the floors of three national securities exchanges and off-floor through electronic execution. After working for several years with KPMG as a tax accountant he practiced tax law in California. In 1985, he started options trading on the floor of the Pacific Options Exchange and a year later on the Chicago Board Options Exchange. After several years on both the CBOE and the CBOT, Mr. Ward returned to California and subsequently joined Derivative Consulting Group, LLC ("DCG") a hedge fund manager that developed short selling and index option arbitrage trading strategies.</p> <p>Name: Stephen R. Ward<br/> Date of Birth: 1956<br/> Education: Santa Clara University College; JD (1981)<br/> Santa Clara University College; BA (1978)<br/> Background: Arcas Capital Management, LLC; Managing Member (05/2010-Present)<br/> Self Employed Investor; (06/2002-Present)<br/> Petkevitch and Partners; Managing Director/CFO (06/2000-06/2002)<br/> Derivative Consulting Group; CFO (03/1998-06/2000)<br/> Licenses: Series 65</p> |
| Page 5- #10                | Each Strategy can be individually structured to fit the investor's needs. The minimum investment required by an individual investor client is generally \$100,000. Accounts below these minimums may be negotiable and accepted on an individual basis at the firm's discretion. However, Adviser may from time to time establish, modify and waive account or investment minimums for different investment products and/or services.   |
| Page 5- #11(A)             | The Adviser's accounts are managed and reviewed on a continuous basis. Overall investment management, market prospects and individual issue prospects are considered in the review process. Account reviews are conducted by Stephen R. Ward as the designated investment adviser professional who is primarily responsible for such accounts.  |
| Page 5- #11(B)             | As may be retained by clients, reports are individualized, thereby, the nature and frequency are determined by client need and the services offered. However, most of the clients of the Adviser will receive quarterly reports summarizing the investment performance of their account(s), in addition to annual reports showing each client's investment performance and outlook at the end of each fiscal year.  |
| Page 6- #12(A)(1)&(2)      | Upon receiving written authorization from a client, Stephen R. Ward, as a principal of Adviser may manage client assets on a limited discretionary basis. Therefore, Client may delegate to Stephen R. Ward as a principal of Adviser, limited discretionary trading authorization with respect to the purchase, exchange and sale of options and/or futures products. Client may also hereby appoint Stephen R. Ward as a representative of Adviser as agent and attorney in fact to purchase, sell and trade such securities and to execute proxies, waivers, consents and other instruments with respect to such securities.   |
| Page 6- #12(B)             | Adviser may also suggest brokers to clients. While commission rates are an important factor in broker selection, Adviser may suggest using brokers that may charge commissions higher than those obtainable from other brokers. In selecting a broker for any transaction or series of transactions, Adviser may consider a number of factors in addition to commission rates, including, for example net price, reputation, financial strength and stability, efficiency of  |

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of  
Form ADV  
Continuation Sheet for Form ADV Part II**

|                                      |                  |                   |
|--------------------------------------|------------------|-------------------|
| Applicant:                           | SEC File Number: | Date:             |
| <b>Arcas Capital Management, LLC</b> | 801-             | <b>09/22/2010</b> |

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

|   |  |
|---|--|
| 1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:<br><b>Arcas Capital Management, LLC</b> | IRS Empl. Ident. No.:<br><b>27-2784889</b> |
|---|--|

| Item of Form<br>(identify) | Answer |
|----------------------------|--------|
|----------------------------|--------|

Page 6- #13(B)

execution and error resolution, block trading and block position capabilities, willing to execute related or unrelated difficult transactions in the future, order of call, on-line access to computerized data regarding client accounts, the availability of stocks to borrow for short trades, custody, record keeping or other similar services, as well as other matters involved in the receipt of general brokerage services.

If a client is introduced to Adviser by either an unaffiliated or an affiliated solicitor, Adviser may pay that solicitor a referral fee in accordance with the requirements of *Rule 206(4)-3 of the Investment Advisers Act of 1940*, and any corresponding state securities law requirements. The Client will under no circumstances be charged an additional fee for such arrangement. Compensation arrangement will vary with each solicitor. If the client is introduced to Adviser by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of the solicitor relationship, and shall provide each prospective client with a copy of the Firm's written disclosure statement as set forth in Part II of Form ADV, including this Schedule F, together with a copy of the written disclosure statement from the solicitor to the client disclosing the terms and conditions of the arrangement between Adviser and the solicitor, including the compensation to be received by the solicitor from Adviser. Any affiliated solicitor of Adviser shall disclose the nature of the relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of Adviser's written disclosure statement as set forth in Part II of Form ADV.

Privacy Policy Notice

Thank you for reviewing our privacy commitment to you. Your privacy is important to us. Your personal information is kept secure. Under federal law, you have a right to know what information is being collected about you and how that information will be used.

We collect nonpublic personal information about you from the following sources:

- Information we receive from you on applications or other forms;
- Information about your transactions with us; and
- Information that you specifically have had your other professional advisors forward to us.

We do not disclose any nonpublic personal information about our customers or former customers to anyone, except as permitted or required by law, or as directed by you as our customer.

- Under law, the information we collect is provided to companies that perform support;
- services on our behalf as necessary to effect, administer, or process a transaction, or for maintaining and servicing your account;
- As directed by you, we will be working with your other professional advisors and we will provide information in our possession that is reasonably requested by the other advisors.

We do not give or sell information about you or your accounts to any other company, individual or group. We restrict access to nonpublic personal information about you to those employees who need to know that information to provide services to you. We maintain

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of  
Form ADV  
Continuation Sheet for Form ADV Part II**

|                                      |                  |                   |
|--------------------------------------|------------------|-------------------|
| Applicant:                           | SEC File Number: | Date:             |
| <b>Arcas Capital Management, LLC</b> | 801-             | <b>09/22/2010</b> |

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

| 1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:<br><b>Arcas Capital Management, LLC</b> |   | IRS Empl. Ident. No.:<br><b>27-2784889</b> |
|---|---|--|
| Item of Form<br>(identify)  | Answer  |  |
|   | <p>physical, administrative, and technical procedural safeguards to protect your nonpublic personal information. You do not need to call or do anything as a result of this notice. It is meant to inform you of how we safeguard your nonpublic personal information.</p> <p><u>Code of Ethics</u></p> <p>The Adviser has adopted to following Code of Ethics:</p> <ul style="list-style-type: none"> <li>• Fiduciary Responsibility- the Adviser and its staff shall exercise the highest standard of care in protecting and promoting the interests of its clients, and will provide a written disclosure containing any conflicts of interest that may compromise their impartiality or independence. As fiduciary, the Adviser shall not accept any referral fees or compensation that is contingent upon the purchase or sale of any financial product.</li> <li>• Integrity- All professional services shall be rendered with the highest level of integrity.</li> <li>• Objectivity- the Adviser and its staff shall provide advice that is objective and in the best interest of the client and without conflicts of interest.</li> <li>• Competence- the Adviser and its staff shall maintain the necessary knowledge and skills to provide our clients with competent advice and services.</li> <li>• Fairness- All professional services shall be performed by the Adviser and its staff in a manner that is fair and reasonable to its clients.</li> <li>• Confidentiality- the Adviser and its staff shall maintain and safeguard all confidential client information in accordance with applicable laws.</li> <li>• Diligence- the Adviser and its staff shall ensure the accuracy and completeness of records, information, and data collected, used and managed, and will take necessary steps to correct any discrepancies.</li> <li>• Regulatory Compliance- the Adviser and its staff shall comply fully with appropriate laws and internal regulations.</li> </ul> <p>The Adviser will provide a complete copy of its Code of Ethics to any client or prospective client upon request.</p> |  |

Complete amended pages in full, circle amended items and file with execution page (page 1).