

**Item 1 – Cover Page**

Form ADV Part 2A Brochure

Kane Investment Management, Inc.

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June 1, 2021

This Brochure provides information about the qualifications and business practices of Kane Investment Management, Inc. If you have any questions about the contents of this Brochure, please contact us at 408.358.5263 or [info@kaneinvestment.com](mailto:info@kaneinvestment.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.

Kane Investment Management, Inc. 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 Investment Management, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2 – Material Changes**

There have been no material changes to this brochure since our last update on March 31, 2021.

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#### **Item 4 – Advisory Business**

Kane Investment Management, Inc. is owned by D. Michael Kane and has been providing advisory services since December 1982. The company president and principal, D. Michael Kane, is an Investment Adviser Representative. Kane Investment Management, Inc. provides a full range of investment services, including investment account management, for individuals, families, corporate pension, and profit-sharing plans.

Types of investments managed include equity securities (exchange-listed and over-the-counter securities), investment company securities (variable annuities, mutual fund shares) and U.S. Government securities.

Client advisory services are based upon, and tailored to the needs and objectives of, each individual or organization. (Clients may impose restrictions on investing in certain securities or types of securities). Kane Investment Management, Inc. uses charting, fundamental and technical security analysis to determine its investment choices for account management. This information is derived from a combination of corporate rating services; inspections of corporate activities; third-party research; annual reports, filings and prospectuses with the SEC; and corporate press releases, financial newspapers and magazines.

Investment strategies used to implement investment advice include long-term purchases (securities held at least a year), short-term purchases (securities held less than a year), trading (securities sold within 30 days) and margin transactions.

As of February 28, 2021, Kane Investment Management, Inc. had \$106,017,083 assets under management (AUM).

#### **Item 5 – Fees and Compensation**

The specific manner in which fees are charged by Kane Investment Management, Inc. is established in a client's written agreement with Kane Investment Management, Inc. Kane Investment Management, Inc. bills its management fees on a quarterly basis, in advance. Clients may elect to be billed directly for fees – payable by check - or authorize Kane Investment Management, Inc. to debit fees from client accounts. Account termination requires 30 days written notice to Kane Investment Management, Inc. and fees are then charged on a prorated basis. Upon termination of an account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. Kane Investment Management, Inc.'s fees are exclusive of brokerage commissions, transaction fees and other related costs and expenses that 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 Kane

Investment Management Inc.'s fees, and Kane Investment Management, Inc. does not receive any portion of these commissions, fees and costs. Please see Item 12 – Brokerage Practices for more information on our approach to clients' brokerage and custody options.

The fee schedule applicable as of this Brochure is as follows:

Net Asset Value			Quarterly Fee			
\$0	to	\$50,000			0.50%	of Net Asset Value (min. fee = \$125)
\$50,000	to	\$100,000	\$250	+	0.40%	of Net Asset Value over \$50,000
\$100,000	to	\$500,000	\$450	+	0.37%	of Net Asset Value over \$100,000
\$500,000	to	\$1,000,000	\$1,930	+	0.26%	of Net Asset Value over \$500,000
\$1,000,000	to	\$2,500,000	\$3,230	+	0.24%	of Net Asset Value over \$1,000,000
\$2,500,000	to	\$5,000,000	\$6,830	+	0.20%	of Net Asset Value over \$2,500,000
\$5,000,000	&	over	\$11,830	+	0.18%	of Net Asset Value over \$5,000,000

Clients that have engaged Kane Investment Management, Inc. prior to August 1, 2021 will have the fee schedule applicable at that time, but never pay more than 2.00% per annum.

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

In some cases, Kane Investment Management, Inc. has entered into performance fee arrangements with qualified clients (such fees are subject to individualized negotiation with each such client whose AUM with Kane Investment Management, Inc. is at least \$1M or their liquid net worth is at least \$2.1M). Kane Investment Management, Inc. will structure any performance or incentive fee arrangement subject to Section 205(a)(1) of the Investment Advisors Act of 1940 (The Advisors Act) in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. In measuring clients' assets for the calculation of performance-based fees, Kane Investment Management, Inc. shall include realized and unrealized capital gains and losses. Performance-based fee arrangements create an incentive for Kane Investment Management, Inc. 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. Kane Investment Management, Inc. has procedures designed and implemented to ensure that all clients are treated fairly and equally and to prevent this conflict from influencing the allocation of investment opportunities among clients.

The performance fee is calculated for every six-month billing cycle based on the performance of the account over the previous six months, paid semi-annually in arrears. The performance fee is applicable ONLY if the account performance exceeds the performance of the S&P 500 index for the same six-month cycle. A performance fee could still be charged if there is a portfolio loss as long as the portfolio performed better than the established benchmark.

The fee is calculated as follows:

<b>Name</b>	XXXX	<b>Start Date</b>	xx1/xx1/xxxx1
<b>Account #</b>	XXXX	<b>End Date</b>	xx2/xx2/xxxx2

#### Market Performance

Y1

#### Actual P3 Performance

Y2

xx1/xx1/xxxx1 A/C Value    \$\$1

Perf. Δ =  $(Y2 - Y1)^*$

xx2/xx2/xxxx2 A/C Value    \$\$2

#### P3 Premium Excess Return

\$\$3

(Perf.Δ X(xx1/xx1/xxxx1A/CValue))

(Y2-Y1)x \$\$1)

80% Premium to Client =  $$$$ \times 0.8$

20% Premium to KIMI =  $$$$ \times 0.2$

## Item 7 – Types of Clients

Kane Investment Management, Inc. provides portfolio management services to individuals, high net worth individuals, 401K plans, trusts, and estates.

Kane Investment Management, Inc. does not require a minimum amount to open or maintain an account.

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

Client advisory services are based upon, and tailored to, the individual needs and objectives of each client or organization. Clients may impose restrictions on investing in certain securities or types of securities. Kane Investment Management, Inc. uses charting, fundamental and technical analysis. The information for the analyses and management of the accounts is derived from a combination of inspections of corporate activities; corporate

rating services; third-party research; annual reports; prospectuses and filings with the Securities and Exchange Commission (SEC); corporate press releases; and financial newspapers and magazines. Although Kane Investment Management, Inc. analysis and strategies are thorough, it should be noted investing in securities involves risk that clients should be prepared to bear. Investment strategies used to implement investment advice can include long-term purchases (securities held at least a year); short-term purchases (securities held less than a year); trading (securities sold within 30 days); and margin transactions.

### **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 services or the integrity of management. Kane Investment Management, Inc. has had no legal or disciplinary events during the company's 35-plus years of service to clients.

### **Item 10 – Other Financial Industry Activities and Affiliations**

Other than the services described under Advisory Business in this Brochure, Kane Investment Management, Inc. does not engage in any other financial industry activities or affiliations.

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

Kane Investment Management, Inc. maintains 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 rumormongering, 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 Kane Investment Management, Inc. must acknowledge the terms of the Code of Ethics annually, or as amended.

Kane Investment Management, Inc. anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which Kane Investment Management, Inc. has management authority to effect and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which Kane Investment Management, Inc., its affiliates and/or clients, directly or indirectly, have a position of interest. Kane Investment Management, Inc.'s employees and persons associated with Kane Investment Management, Inc. are required to follow the company's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of Kane Investment Management, Inc. may trade for their own accounts in securities that are recommended to and/or purchased for Kane Investment Management, Inc.'s clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the company's employees 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 Kane Investment Management, Inc.'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 Kane Investment Management, Inc. and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with Kane Investment Management, Inc.'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. Kane Investment Management, Inc. 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.

Kane Investment Management, Inc.'s clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Jennifer Kane, Office Administrator.

## **Item 12 – Brokerage Practices**

Kane Investment Management, Inc. does not have discretionary authority to select the broker-dealer for custodian and execution services. The client will select the broker-dealer to safeguard client assets and authorize Kane Investment Management, Inc. to direct trades to this broker-dealer as agreed upon in the Investment Management Agreement. Further, Kane Investment Management, Inc. does not have the discretionary authority to negotiate commissions on behalf of its clients on a trade-by-trade basis. Therefore, we may not be able to achieve most favorable execution of client transactions.

While Kane Investment Management, Inc. does not exercise discretion over the selection of the broker-dealer, it may recommend the broker-dealer to the client for execution and custodial services. Clients are not obligated to use the recommended custodian and will not incur any extra fee or cost associated with using the broker-dealer not recommended by Kane Investment Management, Inc.

Kane Investment Management, Inc.'s fees are exclusive of brokerage commissions, transactions fees, and other related costs and expenses which shall be incurred by the client. Such charges, fees and commissions are exclusive of and in addition to Kane Investment Management, Inc.'s fees and Kane Investment does not receive any portion of these commissions, fees and/or costs. As previously stated, Kane Investment Management, Inc. fees are based upon assets under management (AUM); see Item 4 Fees and



Compensation for more information.

We may aggregate purchase and sales of securities for clients during normal trading activities where two or more clients from the same broker-dealer have the same securities designated for trading. Trade orders can only be aggregated at each broker-dealer and not combined between broker-dealers. All accounts that participate in the aggregated order will receive the same average price. Individual trades or rebalancing trades of single accounts will not be aggregated. If an aggregated order is only partially filled, the trades will be allocated on a pro-rata basis at the same average price for that trading day, which is typically the next trade date.

### **Item 13 – Review of Accounts**

Account assets are reviewed continuously by Kane Investment Management, Inc.'s advisory personnel, and supervisory reviews are conducted on a quarterly basis. The review process contains each of the following elements:

1. Summary Charts – month-to-month bottom line net summaries YTD vs. the S&P 500 Index, as well as the Dow Jones 30 Industrials Index, NASDAQ Composite Index, Russell 2000 Index and the Barclays Aggregate Bond Fund YTD.
2. Spreadsheets – month-to-month bottom line net performance of each position within an account.
3. Performance Summary – year-to-year net performance for the history of the relationship vs. the S&P, Dow, NASDAQ, Russell and Barclays Bond Fund for as many years as apply.
4. Portfolio Center Reports – YTD performances for each position as generated by custodian (Charles Schwab) for comparative purposes (third-party data). These reviews are provided to clients with their semi-annual bill or upon request.

Additional account reviews may be triggered by any of the following events:

- a. A specific client request;
- b. a change in client goals and objectives;
- c. an imbalance in a portfolio asset allocation; and
- d. market/economic conditions.

All clients will receive quarterly performance reports that summarize the client's account and asset allocation. Clients will also receive monthly statements from their account custodian, which will outline the client's current positions and current market value.

### **Item 14 – Client Referrals and Other Compensation**

Kane Investment Management, Inc. does not compensate third parties for client referrals, nor does Kane Investment Management, Inc. receive any form of compensation for third-party referrals.

**Item 15 – Custody**

Kane Investment Management, Inc. does not have physical custody of client assets. Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains the client's investment assets. Kane Investment Management, Inc. urges clients to carefully review such statements and to compare these official custodial records to the account statements that Kane Investment Management, Inc. may provide to you. Kane Investment Management, Inc. statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

**Item 16 – Investment Discretion**

Kane Investment Management, Inc. 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.

Each Kane Investment Management, Inc. account is managed individually, consistent with the client's investment suitability and risk tolerance. We provide our personalized financial management services through a Limited Power of Attorney to consolidate assets, perform securities transactions, maintain accurate records of the assets, and safeguard all accounts. When selecting securities and determining amounts, Kane Investment Management, Inc. observes the investment policies, limitations, and restrictions of the clients for which it advises.

Investment guidelines and restrictions must be provided to Kane Investment Management, Inc. in writing.

**Item 17 – Voting Client Securities**

As a matter of firm policy and practice, Kane Investment Management, Inc. 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.

**Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Kane Investment Management, Inc.'s financial condition. Kane Investment Management, Inc. 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.