

KANE CAPITAL MANAGEMENT, LLC

Alternative Investment Equity Programs

- Limited Risk

- Capital Growth



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Alternative Investment Equity Program

The Alternative Investment Equity Program is an individual equity managed account. The program's primary investment objective is superior performance in any market environment.

Portfolio Management Strategies

The investment program will utilize limited risk strategies thru vehicles such as: put options, option spreads, short selling, pair trades between market sectors and individual companies. The program strategies are uncorrelated with a long only equity portfolio and should be considered an "alternative investment product". The program is designed to deliver risk-adjusted returns uncorrelated to the equity markets.

Security Selection Methodology

Kane Capital Management uses a combination of fundamental, technical and quantitative methods to determine security selection.

Fundamental criteria include earnings growth, earnings acceleration, industry exposure to macroeconomic themes, relative stock value and visibility.

Quantitative criteria include earnings relative to industry, earnings relative to the market, and market sector relationships.

Technical criteria include accumulation and distribution patterns, relative performance to market indices and relative performance to industry groups.

Many institutional and sophisticated investors desire an alternative investment product. The advantages of our program are:

- **Individually managed accounts**
- **Client custody**
- **Portfolio transparency**
- **Risk management**
- **No lock period**
- **Uncorrelated to equity markets**
- **Strategies that limit risk**

Risk Management

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

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

Management

Steven M. Kane, 59, has over 32 years of portfolio management, trading, investment research experience and hedge fund management.

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

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

George J. Fillis, 55, has over 26 years of portfolio management, trading and investment research experience. He is President of Paschal Capital Advisors, Inc., a registered investment advisory firm, which provides consulting services to Kane Capital Management. After graduating from Trinity University in 1975, Mr. Fillis joined Merrill Lynch where he was a broker, regional options coordinator, and in the corporate restructuring department.

In 1983, Mr. Fillis became President and Managing Partner in a commercial real estate investment company in San Antonio, Texas.

Mr. Fillis has managed equity, real estate, venture capital portfolios and has served on various advisory boards including non-profit organizations; he has also provided consulting services to financial institutions and governmental entities.

Robert J. Ellis, 60, has over 28 years of portfolio management and investment research experience. After graduating from the University of Denver in 1971, Mr. Ellis received his MBA in finance from Tulane University in 1973. Mr. Ellis was previously a registered representative with Tejas Securities, where he specialized in corporate restructuring, management consulting and merger and acquisition.

Mr. Ellis has managed equity and fixed income portfolios for ten years. Mr. Ellis currently serves on the Board of Trustees for the Texas Growth Fund and is an advisory board member for Compass bank.

Kane Capital Management

Kane Capital Management, LLC is a San Antonio, Texas based registered investment advisory firm specializing in risk adjusted equity portfolio management.

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