

Item 1 – Cover Page

# Bruce A. Kraig Associates

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610-644-3468

[www.KraigInvestmentManagement.com](http://www.KraigInvestmentManagement.com)

[www.KraigAssociates.com](http://www.KraigAssociates.com)

January 15, 2011

This Brochure provides information about the qualifications and business practices of Bruce A. Kraig Associates [ADVISORY FIRM]. If you have any questions about the contents of this Brochure, please contact us at 610-644-3468 and/or [info@KraigInvestmentManagement.com](mailto:info@KraigInvestmentManagement.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.

BRUCE A. KRAIG ASSOCIATES 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 BRUCE A. KRAIG ASSOCIATES also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)



## **Item 2 – Material Changes Since Last Annual 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 January 15, 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 may further provide other ongoing disclosure information about material changes as necessary.

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

Currently, our Brochure may be requested by contacting Tamara Kraig at 610-644-3468 or [tkraig@kraiginvestmentmanagement.com](mailto:tkraig@kraiginvestmentmanagement.com). Our Brochure is also available on our web site [www.kraiginvestmentmanagement.com](http://www.kraiginvestmentmanagement.com), also free of charge.

Additional information about BRUCE A. KRAIG ASSOCIATES is also available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s web site also provides information about any persons affiliated with BRUCE A. KRAIG ASSOCIATES who are registered, or are required to be registered, as investment adviser representatives of BRUCE A. KRAIG ASSOCIATES.



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#### **Item 4 – Advisory Business**

Bruce A. Kraig Associates [Advisory Firm] is a fee-based investment management firm that has been in business since 1991. Bruce A. Kraig Associates, is a Registered Investment Advisor (RIA), investing in stocks, bonds, and mutual funds. The Advisory Firm manages assets for individuals, businesses, and pension plans. The Advisory Firm may also be known as Kraig Investment Management.

The principals in the firm are Bruce A. Kraig and his partner Tamara L. Kraig. Bruce A. Kraig Associates provides investment management supervisory services to approximately 85% of its clients. The Advisory Firm furnishes investment advice through consultations not included in the investment management services described above to approximately 10% of its clients. On more than an occasional basis, the Advisory Firm furnishes advice and services to approximately 5% of its clients on matters not involving securities. This advice might include tax advice, tax return preparation, financial planning, and budgeting.

Client meetings and reviews for financial planning and investment management advisory accounts:

Reviews are provided to clients by Bruce Kraig and Tamara Kraig (individual with substantially the same status). Reviews can include discussions and analysis of client portfolios, current positions, and returns, as well as the general economic climate. Also provided are recommendations for asset reallocation based on the client's goals, risk tolerance, and market conditions. Any questions the client may have are answered. Reviews occur at the client's request or are triggered by unusual or sudden changing market conditions that may impact on the client's portfolio asset allocation.

Reports:

Regular reports are sent to all clients quarterly. Each report specifies the client's position at the end of the quarter, gain or loss per quarter, gain or loss year to date, and gain or loss since inception. Reports also include written analysis of the portfolio's performance for the quarter, explanations of transactions made during the period, as well as discussion in general of market conditions. The reports sent at the end of the year include written analysis of the entire year.



Principals:

Bruce Arthur Kraig received a Bachelor of Arts degree from Williams College, Williamstown, MA, in 1967. He received a MBA in Finance from The Wharton School, University of Pennsylvania in 1972. Mr. Kraig earned his Certified Financial Planner designation from the International Board of Standard and Practices for Certified Financial planners in 1993. Mr. Kraig founded Bruce A. Kraig Associates in 1991.

Tamara Louise Kraig received a Bachelor of Arts degree from Vassar College with a major in mathematics. She has worked for Bruce A. Kraig Associates since its inception in 1991. Ms. Kraig earned her Certified Financial Planner designation from the International Board of Standard and Practices for Certified Financial Planners in 1993. In February 2007, Ms. Kraig completed the requisites to become a real estate agent while continuing to work at Bruce A. Kraig Associates.

Professional Designation: Certified Financial Planner ®

The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP (with flame design) marks (collectively, the “CFP® marks”) are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP Board”).

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 62,000 individuals have obtained CFP® certification in the United States.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board’s studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor’s Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board’s financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;



- Examination – Pass the comprehensive CFP® Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and client scenarios designed to test one's ability to correctly diagnose financial planning issues and apply one's knowledge of financial planning to real world circumstances;
- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- Ethics – Agree to be bound by CFP Board's *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and
- Ethics – Renew an agreement to be bound by the *Standards of Professional Conduct*. The *Standards* prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board's enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

## Item 5 – Fees and Compensation

### Investment Management Fees:

Fees are based on a percentage of assets under management. The fee schedule for new accounts is as follows:

Asset Management Fees	
Value of Investment Portfolio	Fee
<hr/>	
Up to \$125,000	1.00%
\$125,000 to \$250,000	0.90%
\$250,000 to \$375,000	0.80%
Over \$350,000	0.75%

There is neither a minimum annual fee nor a minimum investment.

All fees are subject to negotiation.

The specific manner in which fees are charged by Bruce A. Kraig Associates is established in a client's written agreement with Bruce A. Kraig Associates. The Advisory Firm will bill its investment management fees on a quarterly basis. Clients may elect to be billed in advance or arrears each calendar quarter. Clients may also elect to be billed directly for fees or to authorize Bruce A. Kraig Associates to directly debit fees from client accounts. Management fees shall be prorated for each capital contribution and withdrawal made during the applicable calendar quarter (with the exception of de minimis contributions and withdrawals). Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.



**Other Types of Fees:**

Bruce A. Kraig Associates does not accept compensation for the sale of securities or other investment products. Bruce A. Kraig Associates does not receive commissions. For new clients, no 12(b)-1 fees are received, however, for a very small number of long-time clients the Advisory Firm may receive 12(b)-1 fees for an investment that provides compensation for marketing the mutual fund. The performance of this fund has been consistent with the objectives, goals, and time lines of these clients.

**Fees for Financial Planning, Retirement Planning, and Investment Analysis:**

Bruce A. Kraig Associates provides analysis and planning to consumers who request advice or assistance in financial matters. The fee charged may be hourly or package priced for a specific session. Before any services are provided, Bruce A. Kraig Associates and the consumer must agree on the services to be provided and the amount of the fee that Bruce A. Kraig Associates will charge for those services. The fee will be based on the scope of the project, however, the amount of time to be spent and the total amount of the fee may be negotiable, depending on the nature of the question and the amount of detail that the consumer requests in the response.

**Fees for Services Provided through Myfinancialadvice, Inc.:**

Bruce A. Kraig Associates offers its services to consumers through an internet platform provided by Myfinancialadvice, Inc. (MFA) MFA provides this service under the name Myfinancialadvice.com. The website of MFA can be found at <http://www.myfinancialadvice.com> (MFA website). MFA maintains a list of Investment Advisers and other financial service providers (collectively, consultants), including Bruce A. Kraig Associates, who have indicated an interest in providing services to consumers through the MFA website. MFA, through the MFA website, may provide the name of Bruce A. Kraig Associates to consumers who request advice or assistance in financial matters. Before any services are provided, Bruce A. Kraig Associates and the consumer must agree on the services to be provided and the amount of the fee that Bruce A. Kraig Associates will charge for those services. The fee will be based on the hourly rates described below; however, the amount of time to be spent and the total amount of the fee may be negotiable, depending on the nature of the question and the amount of detail that the consumer requests in the response. The total amount of the fee must be paid by credit card through the MFA website at the time Bruce A. Kraig Associates commences providing the services.

Under normal circumstances, fees are not refundable once they are paid, unless Bruce A. Kraig Associates fails to provide the services within a reasonable time. Bruce A. Kraig



Associates and the consumer will agree on the amount of time it will take Bruce A. Kraig Associates to provide the services. Ordinarily MFA expects that services will be completed within 30 days or less. It is MFA's policy, however, that fees for services or any portion of the services that have not been completed within six (6) months from the date of commencement of the services must be immediately refunded to the consumer. In no event will fees be paid more than six months before the services are completed.

If services are partially completed within the six-month period, the fees will be prorated. Fees are collected by MFA who pays Bruce A. Kraig Associates 50% to 75% of the total amount of the fees paid by the consumer. The actual percentage may depend on the type of services Bruce A. Kraig provides and the amount of time Bruce A. Kraig Associates expects the services to take. MFA may pay a portion of the fee to third parties who sponsor the MFA website or who provide advertising space for MFA services or links to the MFA website. The balance of the fee is kept by MFA. As part of receiving services through MFA, the consumer and Bruce A. Kraig Associates must agree not to contact each other or obtain services directly. The fees that Bruce A. Kraig Associates charges consumers for services provided through MFA are the same fees that Bruce A. Kraig Associates charges its other clients. Persons using the services of Bruce A. Kraig Associates through the MFA website will be charged fees for services provided through the MFA website at an hourly rate ranging from \$75 to \$150, depending on the nature of the question, the complexity of the issues and the background and education of the individual Investment Advisory Representative who will be responding to the question.

Rates listed on the MFA website can also be hourly or package priced for a specific modular session the Bruce A. Kraig Associates may offer; however, those fees are based on the above hourly charges.

Bruce A. Kraig Associate's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to the Advisory Firm's fee, and Bruce A. Kraig Associates shall not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that Bruce A. Kraig Associates considers in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (*e.g.*, commissions).



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

Bruce A. Kraig Associates does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

## **Item 7 – Types of Clients**

Bruce A. Kraig Associates provides portfolio management services to individuals, high net worth individuals, corporate pension and profit-sharing plans, trust estates, charitable institutions, foundations, and endowments.

Bruce A. Kraig Associates provides financial planning, retirement planning, and investment analysis to individuals and high net worth individuals on a negotiated basis. See Item 5 for a discussion of the fee .

Bruce A. Kraig Associates offers its services to consumers through an internet platform provided by Myfinancialadvice, Inc. (MFA) MFA provides this service under the name Myfinancialadvice.com. The website of MFA can be found at <http://www.myfinancialadvice.com> (MFA website). MFA maintains a list of Investment Advisers and other financial service providers (collectively, consultants), including Bruce A. Kraig Associates, who have indicated an interest in providing services to consumers through the MFA website. MFA, through the MFA website, may provide the name of Bruce A. Kraig Associates to consumers who request advice or assistance in financial matters. Before any services are provided, Bruce A. Kraig Associates and the consumer must agree on the services to be provided and the amount of the fee that Bruce A. Kraig Associates will charge for those services. The fee calculation is discussed in detail in Item 5 – Fees and Compensation.

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

As part of the investment management process, the principals analyze each client's financial situation. Factors considered are risk-tolerance, age, goals, and objectives. From this information, the principals structure individual portfolios. No two portfolios are alike. Dollars are not pooled, they remain with a custodian such as Vanguard or Fidelity. On an on-going basis, the principals carefully monitor market conditions. Depending on the



economic outlook, investments will be purchased or sold to continue to meet the investment strategy for each client.

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

### **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 Bruce A. Kraig Associates or the integrity of the Advisory Firm’s management. Bruce A. Kraig Associates has no information applicable to this Item.

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

Bruce A. Kraig Associates is not actively engaged in a business other than giving investment advice.

### **Item 11 – Code of Ethics**

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



Bruce A. Kraig Associates' employees and persons associated with the Advisory Firm are required to follow Bruce A. Kraig Associates' Code of Ethics. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of the Advisory Firm 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. 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 to reasonably prevent conflicts of interest between Bruce A. Kraig Associates and its clients. In addition, the principals and employees holding the Certified Financial Planner ® certification must adhere to the Code of Ethics for Certified Financial Planners detailed in Item 4.

Bruce A. Kraig Associates does not manage affiliated accounts that trade in the same securities with client accounts on an aggregated basis.

Bruce A. Kraig Associate's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Bruce A. Kraig.

## **Item 12 – Brokerage Practices**

Concerning investment management clients, Bruce A. Kraig Associates has the authority to determine without obtaining specific client consent which securities are to be bought or sold and the amounts. The Advisory Firm is limited by the direction and guidelines formulated by clients in pursuit of investment objectives outlined by each client. Bruce A. Kraig Associates does not determine the broker or dealer to be used. This is determined by obtaining specific client consent. Bruce A. Kraig Associates may suggest a broker to clients for their approval. The broker suggested will be a discount broker that has a low commission rate compared to the industry. Bruce A. Kraig Associates does not accept commissions.



### **Item 13 – Review of Accounts**

Reviews are provided to clients by Bruce Arthur Kraig (the applicant) and Tamara Louise Kraig (individual with substantially the same status). Reviews can include discussions and analysis of client portfolios, current positions, and returns, as well as the general economic climate. Also provided are recommendations for asset reallocation based on the client's goals, risk tolerance, and market conditions. Any questions the client may have are answered. Reviews occur at the client's request or are triggered by unusual or sudden changing market conditions that may impact on the client's portfolio asset allocation.

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

Bruce A. Kraig Associates does not have any arrangements, oral or in writing, where it directly or indirectly compensates any non-client person for client referrals.

### **Item 15 – Custody**

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



#### **Item 16 – Investment Discretion**

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

When selecting securities and determining amounts, Bruce A. Kraig Associates observes the investment policies, limitations and restrictions of the clients for which it advises.

#### **Item 17 – Voting Client Securities**

As a matter of firm policy and practice, Bruce A. Kraig Associates 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. The Advisory Firm may provide advice to clients regarding the clients' voting of proxies.

#### **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about the Advisory Firm's financial condition. Bruce A. Kraig Associates 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.