
Part 2A of Form ADV Firm Brochure

KRISS INVESTMENT GROUP LLC

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2/22/2011

ITEM 1 INTRODUCTION

This brochure provides information about the qualifications and business practices of Kriss Investment Group LLC ("Kriss Investment"). If you have any questions about the contents of this brochure, please contact us at (415) 289-0596 or info@krissinvestment.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.

Additional information about Kriss Investment also is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 130655.

ITEM 2 MATERIAL CHANGES

The SEC adopted "Amendments to Form ADV" in July 2010. This Firm Brochure, dated 1/01/2011, is our new disclosure document prepared according to the SEC's new requirements and rules. As you will see, this document is a narrative that is substantially different in form and content, and includes some new information that we were not previously required to disclose.

After our initial filing of this Brochure, this Item will be used to provide our clients with a summary of new and/or updated information. We will inform you of the revision(s) based on the nature of the updated information. Consistent with the new rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

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ITEM 4 ADVISORY BUSINESS

Kriss Investment is a SEC-registered investment adviser with its principal place of business in Sausalito, CA and postal mailing address at Box 7775 #20915, San Francisco, CA 94120. We began conducting business in 2004. Mark R. Kriss, Principal & CCO, is the firm's managing member.

INVESTMENT MANAGEMENT SERVICES

Kriss Investment offers the following advisory services to our clients:

Our firm provides asset management of client funds based on the individual needs of the client. Through personal discussions in which investment goals and objectives based on the client's particular circumstances are established, we develop the client's personal investment policy statement. We create and manage client portfolios based on that policy.

During our data-gathering process, we determine the client's individual investment objectives, investment time horizon (age and other factors), risk tolerance, financial situation, liquidity needs, other holdings, and tax status. As appropriate, we may also review and discuss a client's prior investment history, as well as family composition and background.

We manage these advisory accounts on a discretionary basis. Account supervision is guided by the client's stated objectives (e.g. maximum capital appreciation, growth, income, growth and income, safety of principal), as well as tax considerations. Clients may impose reasonable restrictions on investing in certain securities or types of securities. Once the client's portfolio has been established, we review the portfolio quarterly, and if necessary, rebalance the portfolio no less frequently than on an annual basis, based on the client's individual needs.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following securities:

- Exchange-listed securities
- Exchange-traded funds
- Certificates of deposit
- Municipal securities
- Mutual fund shares
- United States governmental securities

Because some types of investments involve certain additional degrees of risk, they will only be recommended when consistent with the client's stated investment objectives, investment horizon, risk tolerance, liquidity and suitability.

AMOUNT OF MANAGED ASSETS

As of 12/31/2010, we were actively managing \$80,969,507 of clients' assets on a discretionary basis.

ITEM 5 FEES AND COMPENSATION

INVESTMENT MANAGEMENT SERVICES FEES

Standard fee for Investment Management Services is 0.5 % of total assets under management for portfolios of \$3,000,000 or less. Fees are negotiable downward for larger portfolios. At this time, our standard minimum portfolio size for new clients is \$10 million. Our fees are billed in arrears at the end of each calendar quarter based upon the value (market value or fair market value in the absence of market value) of the client's account at the end of the previous quarter. Fees will be debited from the account in accordance with the client authorization in the client Investment Advisory Agreement.

GENERAL INFORMATION

Termination of the Advisory Relationship

Either party may terminate the advisory relationship with or without cause at any time by written notice to the other party. In addition, all custodial termination and transfer fees, if any, assessed by the custodian will be the responsibility of the client. Upon termination, investment management fees will be prorated to the date of termination and the unearned portion of the fee, if any, will be refunded to the client.

Mutual Fund Fees

All fees paid to Kriss Investment for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Additional Fees and Expenses

In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

Grandfathering of Minimum Account Requirements

Pre-existing advisory clients are subject to Kriss Investment's minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements will differ among clients.

Advisory Fees in General

Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

Limited Prepayment of Fees

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.

ITEM 6 PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Kriss Investment does not charge performance-based fees.

ITEM 7 TYPES OF CLIENTS

Kriss Investment provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High and very high net worth individuals and families.

At this time, our standard minimum portfolio size for new clients is \$10 million. This minimum is negotiable downward upon approval of the firm's Principal & Chief Compliance Officer.

ITEM 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES, RISK OF LOSS

Methods of Analysis and Investment Strategies

We use the following strategies in managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

Modern Portfolio Theory

Our investment strategy is principally based on Modern Portfolio Theory, with emphasis on disciplined asset allocation planning, low expenses, and minimization of taxes and transaction costs. Continuing research in behavioral economics, which applies the insights of psychology to finance, also are considered, particularly in investment design and trade planning.

Modern Portfolio Theory represents the philosophical opposite of traditional stock picking. It is based on academic research at the University of Chicago, Stanford University and elsewhere, which showed that combining many uncorrelated financial assets in a portfolio can be less risky than putting all your investment eggs in one basket. In this context, our investment strategy typically seeks continuous exposure to a broad mix of asset classes worldwide. Passive-managed investments such as index and asset-class mutual funds are Kriss Investment's primary investment vehicles.

Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear. Clients assume all market risk involved in the investment of their assets and understand that investment decisions are subject to various market, currency, economic, political and business risks.

ITEM 9 DISCIPLINARY INFORMATION

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management. Our firm and our management personnel have no reportable disciplinary events to disclose.

ITEM 10 OTHER FINANCIAL ACTIVITIES AND AFFILIATIONS

Our firm and our related persons are not engaged in other financial industry activities and have no other industry affiliations.

ITEM 11 CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS & PERSONAL TRADING

Summary of Key Principles

Our firm has adopted a Code of Ethics, which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws. This Code is based on a few basic principles that should pervade all investment related activities of all employees, personal as well as professional:

- (1) The interests of the Adviser's clients/investors come before the Adviser's or any employee's interests;
- (2) Each employee's professional activities and personal investment activities must be consistent with this Code and avoid any actual or potential conflict between the interests of clients/investors and those of the Adviser or the employee; and
- (3) Those activities must be conducted in a way that avoids any abuse of an employee's position of trust with and responsibility to the Adviser and its clients/investors, including taking inappropriate advantage of that position.

Our *Code of Ethics and Conduct* is detailed in our *Policies and Procedures Manual*, both of which are available to our advisory clients and prospective clients. You may request a copy by email sent to info@krissinvestment.com, or by calling us at (415) 289-0596.

Conflicts of Interest

Our *Code of Ethics and Conduct* is designed to assure that the personal securities transactions, activities and interests of our 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.

The Client agrees that the Advisor may refrain from rendering any advice or services concerning securities of companies in which the Advisor may have material economic interest, unless the Advisor either determines in good faith that it may appropriately do so without disclosing such conflict to the Client or discloses such conflict to the Client prior to rendering such advice or services with respect to the client's account(s).

As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing our firm's *Code of Ethics and Conduct*, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

- No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
- No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.
- It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account. This prevents such employees from benefiting from transactions placed on behalf of advisory accounts.
- Our firm requires prior approval for any IPO or private placement investments by related persons of the firm.
- We have established procedures for the maintenance of all required books and records.
- All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
- We require delivery and acknowledgement of the Code of Ethics by each supervised person of our firm.
- We have established policies requiring the reporting of Code of Ethics violations to our senior management.
- Any individual who violates any of the above restrictions may be subject to termination.

Personal Trading

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or

position in a certain security(ies) which may also be recommended to a client. It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts. We may aggregate our employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. For details, please refer to our *Policies and Procedures Manual*.

ITEM 12 BROKERAGE PRACTICES

Written Authority

Kriss Investment requires all clients to provide us with written authority to determine the broker dealer to use and the commission costs that will be charged to these clients for these transactions.

Soft Dollar Arrangements

Kriss Investment does not have any soft-dollar arrangements and does not receive any soft-dollar benefits.

Block Trading Policy and Procedures

Kriss Investment may block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block. Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price.

Kriss Investment's block trading policy and procedures are as follows:

The Adviser will endeavor to make all investment allocations in a manner that it considers to be the most equitable to all accounts. The allocation ratio used for those trades excludes the capital, from the denominator, of the accounts not participating in the trades. The Adviser will endeavor to make all investment allocations in a manner that it considers to be the most equitable to all accounts.

Allocation procedures should be fair and equitable to all client/investor types with no account(s) being favored or disfavored over any other account(s).

Aggregation, or "bunched" orders, must be transacted under the following circumstances:

- The Adviser must ensure that its authority for each account included in the aggregated order allows for aggregation.
- The Adviser must ensure that adequate and full disclosure of its allocation and bunching practices has been made prior to the transaction.
- All clients/investors, accounts or funds participating in the aggregated order shall receive an average share price with all other transaction costs shared on a pro-rata basis.
- Aggregate transactions must not be executed unless the intended and resultant aggregation is consistent with its duty to seek best execution and any terms found in the Adviser's written agreements.
- Aggregated orders filled in their entirety shall be allocated among clients/investors, accounts or funds in accordance with an allocation statement created prior to the execution of the transaction(s); partially filled orders shall be allocated pro-rata based on the allocation statement.
- Client/Investor funds held collectively for the purpose of completing the transaction may not be held in this commingled manner for any longer than is practical to settle the transaction.
- Each client/investor, account or fund that participates in an aggregated order will participate at the average share price for all the Adviser's transactions in that security on a given business day, with transaction costs shared pro-rata based on each client/investor's, account's or fund's participation in the transaction.
- Investments resulting from any aggregated order must be consistent with the specific investment objective(s) of each client/investor, account or fund as detailed in any written agreements.

- No additional compensation shall result from the proposed allocation.
- No client/investor, account or fund will be favored over any other client/investor, account or fund as a result of the allocation.
- Pre-allocation statement(s) specifying the participating client/investor accounts and the proposed method to allocate the order among the clients/investors, accounts or funds are required prior to any allocated order. Should the actual allocation differ from the allocation statement, such trade may only be settled with the approval of the CCO or another appropriately qualified and authorized principal of the Adviser.

For further details on our trading practices, please see our *Policies & Procedures Manual*, which is available to our advisory clients and prospective clients. You may request a copy by email sent to info@krissinvestment.com, or by calling us at (415) 289-0596.

ITEM 13 REVIEW OF ACCOUNTS

Our firm's principal, Mark R. Kriss, meets with clients no less than annually to review and explain the portfolio's investment results and any related issues. Mr. Kriss conducts all reviews, and is responsible for no more than 75 accounts comprising no more than 10 client families. Clients receive, no less frequently than on an annual basis, the following written management reports:

- Portfolio performance results over the year, 3 years, and 5 years, if applicable
- Performance results of comparative benchmarks for the same periods
- Annual status regarding asset allocation — current versus policy
- Any recommendations for changes of the above.

ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION

It is Kriss Investment's policy not to engage solicitors or to pay related or non-related persons for referring potential clients to our firm. It also is Kriss Investment's policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

ITEM 15 CUSTODY

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts. As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period. Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement. Our firm does not have actual or constructive custody of client accounts.

ITEM 16 INVESTMENT DISCRETION

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission. Under no circumstances is this authority and Limited Power of Attorney to be construed to grant the registrant custody of clients' cash or securities.

Our discretionary authority includes the ability to do the following without contacting the client:

- Determine the security to buy or sell; and/or

- Determine the amount of the security to buy or sell

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

ITEM 17 VOTING CLIENT SECURITIES

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for:

- (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and
- (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.

Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets. We do not offer any consulting assistance regarding proxy issues to clients.

ITEM 18 FINANCIAL INFORMATION

Kriss Investment has no additional financial circumstances to report. Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement. Kriss Investment has not been the subject of a bankruptcy petition at any time during the past ten years.

ITEM 19 PRINCIPAL'S EDUCATION AND BUSINESS BACKGROUND

MARK R. KRISS, Principal & Chief Compliance Officer, Born 1952

Education: BA, University of California, Berkeley (1974); MA, University of Minnesota (1980); Executive Program in Financial Management, Stanford University (1998)

Business Background: Mentor, Stanford Graduate School of Business (1995 to 2008); Co-founder, Executive vice president, and Member, Board of Directors: Cohesive Technology Solutions, Inc., acquired in 1999 by Exodus Communications (1993-98); Co-founder, Chief operating officer, and Member, Board of Directors: FX Development Group, Inc., acquired in 1989 by Dow Jones & Co. (1985-89); Co-founder, Partner: Vision Prize Prediction Systems (2010 to date).

Other Activities

Registrant's principal travels or resides outside the U.S. up to three months per year, in which case he operates remotely via the Internet and established means of communication. He spends up to 30 hours per week on Vision Prize Prediction Systems, a behavioral science research company in which he is a partner. His Kriss Investment responsibilities are unrelated and take priority.