

Brochure

Straus Capital Management, LLC

March 20, 2012

This brochure provides information about the qualifications and business practices of [Straus Capital Management, LLC] (the “Adviser”) [, an investment adviser registered with the United States Securities and Exchange Commission (the “SEC”)]. If you have any questions about the contents of this brochure, please contact us at [telephone number and/or email address]. This information has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about [your name] also is available on the SEC’s website at www.adviserinfo.sec.gov.

[Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.]

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Item 4. Advisory Business

Straus Capital Management, L.L.C. ("SCM") is an investment adviser with its principal place of business in New York, NY. SCM commenced operations as an investment adviser on January 1, 1998 and has been registered with the SEC since January 1, 1998. Melville Straus is the principal owner.

SCM provides the following advisory services on a *discretionary basis* to its *clients*, which include individuals and institutions, registered investment companies and pooled investment vehicles intended for, sophisticated investors and institutional investors: SCM provides investment advice and management services to related investment limited partnerships ("Related Investment Partnerships") to which it now serves as general partner. SCM may in the future serve as general partner, Management Company or investment manager to other related investment vehicles, or provide investment advice and management services to individually managed accounts. SCM's current Related Investment Partnerships are privately offered, and it is anticipated that SCM's future related investment vehicles (if any) will also be privately offered.

As of March 19, 2012, SCM had approximately \$146million *client* assets under management. As of that date, SCM managed 100% on a *discretionary basis*.

Item 5. Fees and Compensation**Asset-Based Compensation**

SCM charges each *client* an investment management fee based on the value of the *client's* assets under management, in accordance with the following schedule:

<u>Assets in the Account</u>	<u>Investment Management Fee (As an Annual % of Assets)</u>
Straus Partners, L.P.	1.5%
Straus China Partners, L.P.	2.0%

Investment management fees for Straus Partners, L.P. are charged each quarter in arrears based on the total market value of the assets in the *client* account (including net unrealized appreciation or depreciation of investments and cash, cash equivalents and accrued interest) on the last day of the quarter. If a new *client* account is established during a quarter or a *client* makes an addition to its account during a quarter, the investment management fee will be prorated for the number of days remaining in the quarter. If a *client's* investment management agreement is terminated [or a withdrawal is made from a *client* account] during a quarter, the fee payable to the Adviser will be calculated based on the value of the assets on the termination date [or withdrawal date] and prorated for the number of days during the quarter in which the investment management arrangement was in effect or such amount was in the account.

Investment management fees for Straus China Partners, L.P. are charged each quarter in advance based on the total market value of the assets in the *client* account (including net unrealized appreciation or depreciation of investments and cash, cash equivalents and accrued interest) on the first day of the quarter. If a new *client* account is established during a quarter or a *client* makes an addition to its account during a quarter the investment management fee will be charged as of the effective date of the investment management agreement or the date of the additional contribution based on the value of the assets as of the applicable date and will be prorated for the number of days remaining in the quarter.

Performance-Based Compensation

SCM may also be paid a *performance-based fee*, which is compensation that is based on a share of capital gains on or capital appreciation of the assets of a *client* (such as a *client* that is a hedge fund or other pooled investment vehicle). This compensation may be paid to SCM or to a *related person* of the Adviser at a rate of 20%.

SCM deducts the investment management fee from client accounts by instructing the client's custodian.

In addition to paying investment management fees and *performance-based fees* or other compensation, *client* accounts will also be subject to other investment expenses such as

[custodial charges, brokerage fees, commissions and related costs; interest expenses; taxes, duties and other governmental charges; transfer and registration fees or similar expenses; costs associated with foreign exchange transactions; other portfolio expenses; and costs, expenses and fees (including, investment advisory and other fees charged by investment advisers with, or funds in, which the *client's* account invests) associated with products or services that may be necessary or incidental to such investments or accounts

Item 6. *Performance-Based Fees and Side-by-Side Management*

SCM and its investment personnel provide investment management services to multiple portfolios for multiple *clients*. SCM is paid performance-based compensation by its private pooled investment vehicle *clients*. In addition, SCM's investment personnel are typically compensated on a basis that includes a performance-based component

SCM has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple accounts, including accounts with multiple fee arrangements, and the allocation of investment opportunities. SCM reviews investment decisions for the purpose of ensuring that all accounts with substantially similar investment objectives are treated equitably. The performance of similarly managed accounts is also regularly compared to determine whether there are any unexplained significant discrepancies. In addition, SCM's procedures relating to the allocation of investment opportunities require that similarly managed accounts participate in investment opportunities pro rata based on asset size and require that, to the extent orders are aggregated, the *client* orders are price-averaged. Finally, SCM's procedures also require the objective allocation for limited opportunities (such as initial public offerings and private placements) to ensure fair and equitable allocation among accounts. These areas are monitored by the Adviser's Chief Compliance Officer.

Item 7. Types of *Clients*

SCM's *clients* consist of individuals, investment companies, private funds, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities.

The minimum investment by each limited partner is \$1mm, which may be reduced at the discretion of the general partner.

Item 8. Methods of Analysis, Investment Strategies and Risk of Loss

SCM seeks capital appreciation through investment in a diversified portfolio of common stocks, securities convertible into common stocks and special situations. To seek to achieve its investment objective, the Partnership will invest, under normal circumstances, at least 65% of its total assets in common stocks or equity-related securities (including preferred stocks, securities convertible into or exchangeable for common stocks, shares of real estate investment trusts, warrants and rights) of small, emerging growth companies and special situations. The Partnership considers an emerging growth company to be a smaller company (i.e., normally, a company having a capitalization of \$1 billion or less), a less well-known company, or a company that has been in business for a relatively short time and offers superior growth potential. Certain of these companies may have operating histories of less than three years. Special situations refer to unusual and possibly unique developments for a company which may create a special opportunity for significant returns. Developments that may be considered special situations include: significant technological improvements or important discoveries; a reorganization, recapitalization, or other significant security exchange or conversion; a merger, liquidation, or distribution of cash, securities, or other assets; a breakup or workout of a holding company; litigation which, if resolved favorably, would enhance the value of the company's stock; a new or changed management; or material changes in management policies. The Partnership may also invest up to 5% of its total assets in debt securities rated at B or its equivalent by any NRSRO or, if unrated, of equivalent investment quality as determined by the General Partner.

Although the Partnership will invest primarily in common stocks and equity-related securities, the Partnership may also utilize other investment techniques including: (i) engaging in short sales of securities; (ii) purchasing securities on margin or otherwise borrowing in connection with its investment program; (iii) purchasing and selling call or put options on securities and stock market indices; (iv) investing in securities of non-U.S. issuers; (v) investing in domestic and U.S. dollar-denominated foreign money market instruments; and (vi) investing up to 15% of the Partnership's assets (determined at the time the investment is made) in restricted securities (including securities of public companies issued in private placements). The Partnership may also purchase and sell futures contracts on securities and securities indices, purchase and sell options on such futures contracts and engage in forward foreign currency exchange contracts, provided that trading in futures or options thereon will not be undertaken unless the General Partner registers with the Commodities Futures Trading Commission or determines such registration is not necessary. The Partnership may also lend its portfolio securities, enter into repurchase agreements, invest in securities of other investment companies and purchase securities on a forward commitment or when-issued basis. For temporary or defensive purposes the Partnership may invest in money market instruments without limitation.

The Partnership's investment program entails substantial risks. Market risks are inherent in all securities and investment strategies to varying degrees. There can be no assurance that the investment objectives of the Partnership will be realized or that losses in investment operations will be avoided.

Item 9. Disciplinary Information

This item is inapplicable.

Item 10. Other Financial Industry Activities and Affiliations

This item is inapplicable.

Item 11. Code of Ethics, Participation or Interest in *Client* Transactions and Personal Trading

SCM has adopted a Code of Ethics (the “Code”) that obligates SCM [and its *related persons*] to put the interests of SCM’s *clients* before their own interests and to act honestly and fairly in all respects in their dealings with *clients*. All of the Adviser’s personnel are also required to comply with applicable federal securities laws. *Clients* or prospective *clients* may obtain a copy of the Code by contacting Andrew Marks (Chief Compliance Officer) by email at amarks@strauspartners.com, or by telephone at 212-676-5647. See below for further provisions of the Code as they relate to the preclearing and reporting of securities transactions by *related persons*.

SCM, in the course of its investment management, may come into possession of confidential or material nonpublic information about issuers, including issuers in which SCM or its *related persons* have invested or seek to invest on behalf of *clients*. SCM is prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other *person*, regardless of whether such other *person* is a *client*. SCM maintains and enforces written policies and procedures that prohibit the communication of such information to *persons* who do not have a legitimate need to know such information and to assure that SCM is meeting its obligations to *clients* and remains in compliance with applicable law. In certain circumstances, SCM may possess certain confidential or material, nonpublic information that, if disclosed, might be material to a decision to buy, sell or hold a security, but SCM will be prohibited from communicating such information to the *client* or using such information for the *client*’s benefit. In such circumstances, SCM will have no responsibility or liability to the *client* for not disclosing such information to the *client* (or the fact that SCM possesses such information), or not using such information for the *client*’s benefit, as a result of following SCM’s policies and procedures designed to provide reasonable assurances that it is complying with applicable law.)

SCM or its related persons invests in the same securities (or related securities, e.g., warrants, options or futures) that SCM or a related person recommends to clients. Such practices present a conflict where, because of the information an Adviser has, SCM or its related person are in a position to trade in a manner that could adversely affect clients (e.g., place their own trades before or after client trades are executed in order to benefit from any price movements due to the clients’ trades). In addition to affecting SCM’s or its related person’s objectivity, these practices by SCM or its related persons may also harm clients by adversely affecting the price at which the clients’ trades are executed. SCM has adopted the following procedures in an effort to minimize such conflicts: SCM requires its related persons/access persons to preclear all transactions in their personal accounts with the managing principal, who may deny permission to execute the transaction if such transaction will have any adverse economic impact on one of its clients. In addition, SCM’s Code prohibits the Adviser or its related persons/access persons from executing personal securities transactions of any kind in any securities on a restricted securities list maintained by the Chief Compliance Officer. All of SCM’s related persons are required to disclose their securities transactions on a quarterly basis and holdings on an annual basis. All of SCM’s related persons are also required to provide broker confirmations of each transaction in which they engage and a monthly certification of such transactions. Trading in employee accounts will be reviewed by the [Chief Compliance Officer] and compared with transactions for the client accounts and reviewed against the restricted securities list.

Item 12. Brokerage Practices

SCM also has the authority over the selection of the broker to be used and the commission rates to be paid without obtaining specific client consent. SCM is authorized to determine the broker/dealer to be used for each securities transaction for its clients. In selecting brokers to effect transactions, the SCM will consider such factors as price, the ability of the brokers to effect the transaction, the brokers' facilities, reliability and financial responsibility, for any research products or services provided by such brokers. Accordingly, if SCM determines in good faith that the amount of commissions charged by a broker (or the economic equivalent of a commission in the case of transactions effected on a principal basis) is reasonable in relation to the value of the brokerage and research products or services provided by such broker, its clients may pay commissions to such broker in an amount greater than the amount another firm might charge. Research products or services provided to its clients may include research reports on particular industries and companies, economic surveys and analyses, recommendations as to specific securities, and other products or services (e.g., quotation equipment and computer related costs and expenses) providing lawful and appropriate assistance to SCM in the performance of its investment decision-making responsibilities. Where a product or service obtained with commission dollars provides both research and non-research assistance to SCM, SCM makes a reasonable allocation of the cost which may be paid for with commission dollars.

Item 13. Review of Accounts

Investment advisory accounts will be under constant review by Melville Straus, the Managing Principal of SCM. Because the accounts will be under constant supervision, there will be no specific factor which triggers review and no procedure which determines the sequence in which accounts will be reviewed. Normally, transactions will be initiated in accounts as a result of a new investment decision or realization that an existing investment is not meeting expectations.

Item 14. *Client Referrals and Other Compensation*

SCM receives certain research or other products or services from broker-dealers through “soft-dollar” arrangements. These “soft-dollar” arrangements create an incentive for SCM to select or recommend broker-dealers based on SCM’s interest in receiving the research or other products or services and may result in the selection of a broker-dealer on the basis of considerations that are not limited to the lowest commission rates and may result in higher transaction costs than would otherwise be obtainable by SCM on behalf of its clients.

Item 15. Custody

SCM sends monthly statements directly to clients as well as yearend financials and K1s.

Item 16. Investment Discretion

SCM provides investment advisory services on a discretionary basis to clients.

Prior to assuming full discretion in managing a client's assets, SCM enters into an investment management agreement or other agreement that sets forth the scope of SCM's discretion.

Unless otherwise instructed or directed by a discretionary client, SCM has the authority to determine (i) the securities to be purchased and sold for the client account (subject to restrictions on its activities set forth in the applicable investment management agreement and any written investment guidelines) (ii) the amount of securities to be purchased or sold for the client account. Because of the differences in client investment objectives and strategies, risk tolerances, tax status and other criteria, there may be differences among clients in invested positions and securities held. SCM may consider the following factors, among others, in allocating securities among clients: (i) client investment objectives and strategies; (ii) client risk profiles; (iii) tax status and restrictions placed on a client's portfolio by the client or by applicable law; (iv) size of the client account; (v) nature and liquidity of the security to be allocated; (vi) size of available position; (vii) current market conditions; and (viii) account liquidity, account requirements for liquidity and timing of cash flows. Although it is SCM's policy to allocate investment opportunities to eligible client accounts on a pro rata basis (based on the value of the assets of each participating account relative to value of the assets of all participating accounts), these factors may lead SCM to allocate securities to client accounts in varying amounts. Even client accounts that are typically managed on a pari passu basis may from time to time receive differing allocations of securities.

Securities acquired by SCM for its clients through initial public offerings (IPOs) and secondary offerings will be allocated pursuant to the procedures set forth in SCM's allocation policy. The policy provides that: (i) if SCM receives a full allocation of securities in an IPO, the securities will be allocated by the portfolio manager to eligible/participating client accounts in accordance with the proposed allocations provided to the portfolio manager by SCM, or (ii) if SCM receives less than a full allocation of securities in an IPO, the securities will be allocated by the portfolio manager to eligible/participating client accounts based upon the assets. SCM will determine the proposed allocations of IPO securities after considering the factors described above with respect to general allocations of securities. Only those client accounts that have established their eligibility to participate in IPOs with the Adviser can participate in IPO allocations.

If it appears that a trade error has occurred, SCM will review the relevant facts and circumstances to determine an appropriate course of action. To the extent that trade errors and breaches of investment guidelines and restrictions occur, SCM's error correction procedure is to ensure that clients are treated fairly and, following error correction, are in the same position they would have been if the error had not occurred. SCM has discretion to resolve a particular error in any appropriate manner that is consistent with the above stated policy. In the event that a client account incurs a trade error as a result of SCM's gross negligence, willful misconduct, or fraud, trade errors will be corrected by SCM as soon as practicable, in a manner such that the client incurs no loss. Trade errors that result other than by breach of the standard of care above are borne by the client account.

Item 17. Voting *Client* Securities

SCM has adopted Proxy Voting Policies and Procedures that are designed to ensure that SCM votes proxies with respect to client securities in the best interests of its clients. The procedures also require that SCM identify and address conflicts of interest between SCM and its clients. If a material conflict of interest exists, SCM will determine whether voting in accordance with the guidelines set forth in the Procedures is in the best interests of the client or take some other appropriate action. SCM will generally vote routine issues, or those not materially impacting shareholder rights, with management. Generally, proposals impacting shareholder rights including the following issues will be voted against management: (i) "Poison Pill" proposals, (ii) Staggered Board proposals, (iii) Golden parachute proposals, and (iv) Cumulative voting proposals. Issues affecting shareholder rights other than those discussed above will be individually decided by Melville Straus. For all other proposals, SCM will determine whether a proposal is in the best interests of its clients and may take into account the following factors, among others: (i) whether the proposal was recommended by management and SCM's opinion of management; (ii) whether the proposal acts to entrench existing management; and (iii) whether the proposal fairly compensates management for past and future performance.

Item 18. Financial Information

This item is not applicable.

Item 19. Requirements for State-Registered Advisers

This is not applicable.

Item 2. Appendix: Material Changes

This is not applicable

