

Disclosure Brochure

Strauss Financial Group, Inc. A Registered Investment Advisor

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February 28, 2012

This brochure provides information about the qualifications and business practices of Strauss Financial Group, Inc. (hereinafter "SFG" or "the Firm" or "Advisor"). If you have any questions about the contents of this brochure, please contact us at 205-967-9595 or hstrauss@straussfinancial.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Additional information about Strauss Financial Group, Inc. is available on the SEC's website at www.adviserinfo.sec.gov. Strauss Financial Group, Inc. is a Registered Investment Advisor (RIA).

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Item 2. Material Changes

This brochure dated February 28, 2012, has material changes from the brochure dated March 30, 2011, as shown below.

1. Item 10 & 12 – Strauss Financial Group no longer has a relationship with The Advisory Trust Company of Delaware, but has a new trust relationship with South City Bank.
2. Item 14 – Additional disclosure has been added regarding a new program that Advisor is using, the Equity Management Program.

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Supervised Person Brochure Supplements

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Item 4. Advisory Business

Strauss Financial Group, Inc. was formed in 1988 as an independent, fee-only, Registered Investment Advisor (RIA). As such, we have a fiduciary obligation to act solely for the benefit of our Clients – with care, diligence and objectivity. John and Heidi Strauss are the principal owners of Strauss Financial Group, Inc.

Our mission is to create and preserve wealth for our Clients by offering independent, personalized financial advice. Our wealth management services include strategic financial, retirement, and estate planning, investment portfolio management, small business and succession consulting, family services, and insurance and long-term care.

Our firm strives to provide our Clients with a foundation of expertise, integrity and superior Client service.

Advisory Services Provided

Strauss Financial Group, Inc. ("SFG", "the Firm", "Advisor") is an Investment Advisor providing financial planning, consulting, wealth management, and investment management services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities. The Firm, depending upon the engagement, offers its services on a fee basis which may include hourly fees as well as fees based upon assets under management. Prior to engaging the Advisor to provide any of the foregoing investment advisory services, the Client will be required to enter into one or more written agreements with the Firm setting forth the terms, fees, scope, and conditions under which the Advisor shall render its services (collectively, the "Agreement"). SFG may be engaged to provide investment management services in addition to or separate from the financial and consulting services. SFG does not offer wrap-fee accounts.

Comprehensive Planning and Consulting

SFG may provide its Clients with a broad range of comprehensive financial planning, pension, estate and trust consulting services (which may include tax-related and other non-investment related matters.) If the Client engages SFG for additional investment advisory services, the Advisor may at its discretion, offset all or a portion of its fees for the financial planning and/or consulting services based upon the amount paid for the investment advisory services. These services are usually not provided on a continual, ongoing basis.

Full disclosure including services rendered and fee, will be provided to the Client at the time of solicitation, and the Disclosure Brochure will be given to them at that time. An agreement must be signed prior to work commencement setting forth the terms, conditions, and fees of the engagement, and describing the scope of the services to be provided. The Client has a 5 day right to terminate agreement without penalty, and with a full refund, if they do not receive a copy of the Disclosure Document at least 48

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hours prior to entering the agreement. Either party may terminate the contract by written notice. If a Client terminates a contract prior to completion, they will be charged only for the actual hours worked.

In performing its services, SFG shall not be required to verify any information received from the Client or from the Client's other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. SFG may recommend the services of itself and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if the Firm recommends its own services. The Client is under no obligation to act upon any of the recommendations made by the Advisor under a financial planning/consulting engagement and/or engage the services of any such recommended professional, including the Advisor itself. The Client retains absolute discretion over all such implementation decisions and is free to accept or reject any of the Firm's recommendations. Moreover, each Client is advised that it remains his/her responsibility to promptly notify SFG if there is any change in his/her financial situation or investment objectives for the purpose of reviewing, evaluating, or revising the Advisor's previous recommendations and/or services.

Business Consulting

SFG offers business evaluation for start-up and small companies that are in need of an outside, independent, business consultant. This can include analysis to improve operations, forecast trends, reduce spending, implement internal controls, and improve human, facility and asset management.

Wealth & Family Services

For select Clients, we offer personalized and comprehensive financial management called "wealth advisory and family services". These services may include review, maintenance and retention of documents including wills, trusts, contracts, corporate documents and family records; recommendations and actions pertaining to estate and retirement planning, generation planning issues, corporate analysis, taxes, asset protection, and real estate; and coordination efforts with the Client's other advisors and professionals such as their attorney, accountant, insurance professional and banker.

Client hereby agrees to furnish Advisor with any and all pertinent, current and accurate information with respect to Client's financial and investment situation, so that Advisor may study and analyze the situation and make recommendations within that context. Upon completion of said review and analysis, Advisor shall meet with Client and suggest a plan of action and make recommendations using a custom consultative process designed to fit each individual Client's needs. Solutions will be explored in close consultation with Client's network of other professionals if so desired and requested; Advisor may also offer to bring in their own network of other professionals to ensure a well rounded advisory team. It is understood that Advisor is not acting as an attorney, accountant, or expert in many of the areas contemplated by this agreement, and does not provide such services. The role of Advisor is to act as a catalyst and as Client's agent in dealing with the matters contemplated in this

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agreement. Advisor is not responsible for the actions of Client's other advisors or for the advice given by them.

It is further agreed by and between parties hereto that Advisor shall not take custody of any of the Client's investments. Client understands that the services contemplated by this agreement may not be delivered proportionally throughout the year. Client has authorized Advisor to enter into such agreements and make such representations as may be necessary or proper in connection with the performance of its duties under this agreement.

The Client is advised that it is their responsibility to notify Advisor if there is any change to their financial situation, health or objectives which would affect the evaluation or revision of the Advisor's prior or existing recommendations and services. It is expressly agreed by and between parties that the Client is free to follow or disregard in whole or in part, any recommendations, suggestions, or advice made by the Advisor to the Client. The Client shall make and be fully responsible for any and all decisions relating to any advice given by the Advisor.

Prior to engaging SFG to provide wealth advisory and family services, the Client will be required to enter into a formal *Wealth Advisory Agreement* with SFG setting forth the terms and conditions under which the Firm shall perform such above mentioned duties. The specific services to be provided are set forth on Schedule A of the *Wealth Advisory Agreement*. SFG's *Wealth Advisory Agreement* may authorize the custodian to debit the account for the amount of SFG's wealth advisory fees and to directly remit that management fee to SFG in compliance with regulatory procedures. Full disclosure including fee schedules will be provided to the Client at the time of solicitation by delivering a copy of all relevant disclosure documents and a Disclosure Brochure.

The *Wealth Advisory Agreement* between the Firm and the Client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Wealth Advisory Agreement*. SFG may not change the advisory fees payable by a Client for an account without thirty days written notice, during which time the Client may terminate the account by written notice. If the termination notice is not given, the new advisory fee will become effective.

Investment Advisory/ Asset Management Services

SFG provides investment advisory services on a *discretionary* basis and the services are tailored to the individual needs of the Client. Such services are provided within guidelines formulated with each Client, based upon mutually agreed upon investment objectives. These services may include the recommendation of cash, money market instruments, mutual funds, exchange traded funds, debt instruments, equity securities and other securities that are deemed appropriate for a Client based upon a review by SFG of that Client's investment circumstances, risk parameters, and financial data. Clients are advised to promptly notify the Advisor if there are ever any material changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon the Advisor's management services.

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Full disclosure, including services rendered and fee schedules, will be provided to the Client at the time of solicitation by delivering a copy of all relevant disclosure documents and a Disclosure Brochure. Prior to engaging SFG to provide investment management services, the Client will be required to enter into a formal *Investment Advisory Agreement* with the Firm setting forth the terms and conditions under which the Advisor shall manage the Client's assets and a separate custodial/clearing agreement with the designated clearing firm/custodian.

Both SFG's *Investment Advisory Agreement* and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of SFG's investment advisory fees and to directly remit that management fee to the Firm in compliance with regulatory procedures. In the limited event that the firm bills the Client directly, payment is due upon receipt of SFG's invoice. The *Investment Advisory Agreement* between SFG and the Client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*.

Neither the Firm nor the Client may assign the *Investment Advisory Agreement* without the consent of the other party. Transactions that do not result in a change of actual control or management of SFG shall not be considered an assignment.

Item 5. Fees and Compensation

Comprehensive Planning and Consulting-Hourly Fee

Fees are negotiable, but generally are based on an hourly fee of \$250/hour with a minimum of 6 hours. SFG will charge 50% of the minimum amount up front, not to exceed \$1500, with the balance due upon completion and does not accept payment six or more months in advance. Fees may be negotiated depending on the size, complexity, and scope of the work.

Business Consulting- Hourly Fee

Fees are negotiable, but generally are based on an hourly fee of \$250/hour with a minimum of 6 hours, plus travel expenses. SFG will charge 50% of the minimum amount up front, not to exceed \$1500, with the balance due upon completion and does not accept payment six or more months in advance. Fees may be negotiated depending on the size, complexity, and scope of the work.

Wealth Advisory Fees-Percentage of Assets

The Client will pay a wealth advisory fee based upon a percentage of the market value of the assets being managed. The value of the account assets (securities, cash and cash equivalents) under management shall be valued as of the valuation date, set forth by an independent pricing service, where available, or otherwise in good faith. SFG will send Client a description of all advisory fees billed to Client's account on a quarterly basis.

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It is the responsibility of the Client to verify the fees and immediately notify SFG of any billing errors. The Firm, at its sole discretion, may charge a lesser advisory fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, pre-existing Client, account retention, *pro bono* activities, etc.)

The maximum annualized advisory fees as a percentage of assets are as follows:

<u>Assets Under Management</u>	<u>Annual Fee</u>
\$1,000,000 - \$2,000,000	.45%
\$2,000,001 - \$3,000,000	.40%
\$3,000,001 - \$4,000,000	.35%
\$4,000,001 - \$6,000,000	.25%
\$6,000,001 +	.20%

Investment Advisory Fees – Percentage of Assets

Minimum portfolio size is \$250,000, and SFG may aggregate the portfolios of family members to meet the minimum portfolio size. The Client will pay an advisory fee based upon a percentage of market value of the assets being managed. The Firm, at its sole discretion, may waive its stated account minimum or charge a lesser management fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing Client, account retention, *pro bono* activities, etc.)

The maximum annualized advisory fees as a percentage of assets are as follows:

<u>Assets Under Management</u>	<u>Annual Fee</u>
\$ 250,000 or less	2.00%
\$ 250,001 -- \$ 500,000	1.50%
\$ 500,001 -- \$1,000,000	1.25%
\$ 1,000,001 -- \$3,000,000	1.00%
\$ 3,000,000 +	1.00%

The annual investment advisory fee shall be pro-rated and shall be paid quarterly in advance pursuant to the *Investment Advisory Agreement* with the Client. The fee will be payable when the account is established, pro-rated for the first partial quarter, if any. Thereafter, fees will be payable on the 1st day of each calendar quarter based on the asset value of the account as of the last business day of the prior quarter. Additional deposits to the account are subject to the same fee procedures and are prorated.

Additions may be in cash or securities provided that SFG reserves the right to liquidate any transferred securities, or decline to accept particular securities into a Client's account. The Firm may consult with its Clients about the options and ramifications of transferring securities. However, Clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees

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assessed at the mutual fund level (i.e., contingent deferred sales charge) and/or tax ramifications.

SFG procedures prohibit the opening of a fee account by deposit of securities and the depositing of additional securities which were purchased by the Client on a commission basis in the prior twelve months, unless the Client signs a waiver. The purpose of this prohibition is to prevent the Client from paying arguably duplicative or extra charges

The value of the account assets (securities, cash and cash equivalents) under management shall be valued as of the valuation date, set forth by an independent pricing service, where available, or otherwise in good faith. SFG will send Client a description of all advisory fees billed to Client's account on a quarterly basis. It is the responsibility of the Client to verify the fees and immediately notify SFG of any billing errors.

SFG may terminate the account upon written notice to the Client. The Client may terminate their account upon written notice to SFG. In the event of termination after five (5) business days from the execution of the agreement, due to the initial start-up costs, the Firm shall be entitled to a start-up cost of \$1,500, if the account is closed within the first five (5) months. After five months, if the Client does not remove their assets 90 days after SFG receives termination notice from Client, SFG may resume billing for fees.

In addition to the advisory fee, the Client will be charged transaction charges pursuant to a fixed schedule for trade execution. These are paid to the Client's designated clearing firm/custodian, T.D. Ameritrade Institutional. These charges may be higher or lower than those charged by other clearing firms/custodians.

Transaction Charge Schedule

- Stock Trades/Options
- Fixed Income (Bond) Trades*
- Mutual Funds

T.D. Ameritrade Institutional

\$ 9.00 per trade
\$ None
\$ 15.00 per trade

*(unless purchased outside the T.D. Bond desk, then \$25.00 per trade)

Assets Under Management

SFG manages approximately \$75,400,000 on a discretionary basis, calculated January 1, 2011 and rounded to the nearest \$100,000. SFG does not manage assets on a non-discretionary basis.

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

SFG does not provide any services for performance-based fees. (Performance-based fees are those based on a share of capital gains or capital appreciation of the assets of a Client.)

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Item 7. Types of Clients

SFG offers its services to high net worth individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities. For individually managed accounts, SFG requires a name, date of birth, physical address, principal place of business (if applicable), and social security number or tax identification number in order to process new accounts, and no account will be opened without a personal meeting with Advisor.

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

The Advisor uses multiple sources of information to obtain analysis and strategies. They include financial newspapers, financial magazines, research prepared by others, corporate rating services, timing services, prospectuses, company press releases, and annual reports and filings with the SEC.

Investment Strategy

SFG relies on both fundamental and quantitative methods of analysis. SFG is style agnostic and will try to capitalize on the best opportunities and markets while making strategic decisions based on long-term business, economic, political, and demographic trends.

The Firm begins the investment analysis with a macro-economic approach looking out over the next three to five years. The strategy is to identify specific market sectors and asset classes that they feel will have the potential to outperform. Once these areas have been identified, the Advisor will then look for the best investments within these sectors.

Investments

Both domestic and international **stocks** that are diversified among market caps and industry sectors. SFG's research efforts focus on a variety of factors such as companies that experience a competitive advantage, show market leadership, have a strong or improving balance sheet, significant share ownership by management, and/or low valuations compared to other companies in that sector.

No-load, non-proprietary **mutual funds** from leading fund managers and the criteria includes but is not limited to low expenses, an established track record, long-tenured management, and a consistent investment approach. The criteria are very strict and approximately 100 funds are selected by our firm from more than 20,000 funds that are available to the public. Select index and exchange-traded funds (ETFs) are used for an inexpensive "basket" approach. ETFs are chosen based on their daily trading volume, fee, and trading strategy, and can also be used to gain exposure to hard assets such as gold, agriculture, and energy.

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Fixed income investments (**bonds**) that can include government, corporate and municipal issued securities that can enhance income, capture market inefficiencies, and often reduce risk. A “laddered approach” is often implemented and bonds are purchased that mature at different time intervals to create additional liquidity and potentially reduce interest rate risk. SFG reviews the bond duration, credit quality and liquidity of all individual bonds.

Real assets (timber, oil, gold, etc.) and currencies allow for additional diversification and may act as an inflation hedge. Alternative investment strategies such as managed futures and long/short hedge funds are also incorporated in specific Client portfolios.

Options allow investors to buy or sell a security at a contracted “strike” price (not necessarily the current market price) at or within a specific period of time. Clients may pay or collect a premium for buying or selling an option. The Advisor may use options to either hedge (limit) losses in an attempt to reduce risk or to speculate on the performance of the underlying securities. Options transactions contain a number of inherent risks, including the partial or total loss of principal in the event that the value of the underlying security or index does not increase/decrease to the level of the respective strike price. Holders of options contracts are also subject to default by the option writer. Additional paperwork and disclosure is required by SFG for select Clients to trade options.

All of these areas of investment are integral components of a well balanced portfolio but the Advisor also maintains flexibility and periodically readjusts the allocation as deemed necessary. These allocations may change at any time without Client notification, and the portfolios are proactively rebalanced based on evolving Client objectives, investment markets, and global economies.

Risk of Loss

All investments include a risk of loss. These risks may include market risk, issuer risk, interest rate risk, political and economic risk. The risk of financial loss includes the loss of principal, a reduction in earnings and the loss of future earnings. In addition, as recent global and domestic economic events have indicated, performance of any investment is *not guaranteed*. Though SFG uses the utmost diligence and expertise to manage Client assets, SFG cannot guarantee any level of performance.

Item 9. Disciplinary Information

There has been no material legal or disciplinary actions against SFG or related persons that would be material to Client’s evaluation of our business or the integrity of our management.

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Item 10. Other Financial Industry Activities and Affiliations

Advisor is not registered as a broker-dealer and all SFG related persons are not registered representatives of any broker-dealer.

SFG shall generally recommend that Clients utilize the clearing/custodial services of T.D. Ameritrade Institutional, the Trust Company of Sterne Agee & Leach, and South City Bank. More information in Item 12.

SFG may recommend Plantech, a third party pension administrator to their Clients if requested. The Firm will receive an ongoing fee from Client.

SFG has relationships with several insurance companies that provide a no-load, non-commission platform of insurance products for Clients. SFG receives fees from the sale of these products.

The Advisor maintains its physical location in the same building as another Registered Investment Advisor, Asset Management Services, LLC. There is adequate signage to differentiate the two companies, and SFG is located on a separate floor of the building. In addition, all Clients are required to sign a disclosure at the beginning of the relationship stating that they are aware that both RIAs are separate and distinct.

Item 11. Code of Ethics

It is the policy of SFG to act with total integrity and confidentiality and place the interest of the Clients ahead of the company. Therefore, SFG has implemented a written Code of Ethics, that all related persons are expected to adhere to. Each year all related persons must also certify that they have followed and will continue to follow the Code of Ethics, and sanctions will be taken if this Code of Ethics is violated. Some of the areas included, but not limited to, are placing the interests of the Client first, maintaining confidentiality, avoiding the inappropriate potential trading advantage of their position, acceptance of extravagant gifts, and maintaining the reporting requirements of all personal transactions.

A copy of the Code of Ethics is offered to all Clients and prospective Clients on an annual basis, if so requested. A Chief Compliance Officer (CCO) has been designated, Heidi Strauss, and it is her duty to insure that all rules, regulations and codes are strictly adhered to and followed.

In order to avoid any possible conflicts of interest, and comply with Section 204A of the Advisors Act which requires that the accounts of related persons and their families must adhere to certain standards:

1. Settlement of transactions in personal accounts must be made on or before settlement date. Extensions and late payments will not be tolerated.

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2. There shall be no transactions by related persons or their families in any security underwritten by the Firm or in which the Firm is a member of the selling group until all indications by public Clients have been satisfied. Under no circumstances will participation in "hot issues" be permitted in a related person or family account, and there is a prohibition on insider trading (if we are in possession of material, non-public information).
3. A related person of the Firm must have the permission of the CCO to open and maintain a margin account and to trade uncovered options in their account.
4. At all times, the Clients' orders have priority over those of the related person's or his/her own family. If a related person wishes to purchase or sell a security for his/her own or a related account, and also recommend the same transactions to other Clients, he/she must first enter all orders received from customers prior to effecting any transactions in his/her own or related accounts, unless it is in an aggregated order.
5. A related person may only have a joint or partnership account with his/her spouse, children (custodian), mother or father. Participation in any other account must have the prior approval of the CCO.

SFG maintains a *Code of Ethics*, a *Privacy Policy*, an *Anti-Money Laundering Policy*, an *Insider-Trading Policy*, and also has a *Business Continuity Plan* in place. A copy of the *Privacy Policy* is mailed to the Client annually and all other Policies and Plans will be provided to Client upon written request. SFG also will disclose to Client any financial condition that is reasonably likely to impair the firm's ability to meet its contractual commitments to Clients.

Item 12. Brokerage Practices

Advisor participates in the TD AMERITRADE Institutional program. TD AMERITRADE Institutional is a division of TD AMERITRADE, Inc. ("TD AMERITRADE") member FINRA/SIPC/NFA, an independent and unaffiliated SEC-registered broker-dealer and FINRA member. TD AMERITRADE offers to SFG and other independent investment Advisors, services which include custody of securities, trade execution, clearance and settlement of transactions. The Firm also uses the services of the Trust Company of Sterne, Agee & Leach, Inc., and South City Bank. Advisor receives some benefits from TD Ameritrade, the Trust Company of Sterne, Agee & Leach, Inc. and South City Bank through its participation in their programs. Advisor may recommend the above companies to Clients for custodial, brokerage services and/ or trust administration.

Best Execution

It is our policy to try to obtain "best execution" of our Clients' transactions. SFG has diligently reviewed the services by their recommended clearing firms/custodians and feel that the transaction costs are competitive. In addition, the clearing firms previously mentioned have an extensive trading desk, a computer driven trading system which allows timely executions via electronic trading, strong financials,

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research, a service desk capable of handling Client requests in a timely manner, and additional SIPC insurance. In most cases, the related person uses a web-based program, which allows for immediate trading execution and verification of all pertinent data including:

- Time of purchase/sale
- Pricing
- Transaction charges and fees
- Solicited/non-solicited orders
- Discretionary orders

This automated downloading system reduces the amount of manual intervention leaving less potential for error. If the trade is not handled in a timely and immediate fashion for the type of order entered, SFG will immediately contact the trading desk and request a "time of sale." In selecting clearing firms and evaluating the reasonableness of their fees, SFG considers the following factors: the range and quality of the products offered, the technical support provided, the execution capability, the fees to be paid, the financial strength, the quality of the research, and the responsiveness of the clearing firm to the Firm. The COO of SFG will conduct a review of all brokerage arrangements at least annually.

Aggregation of Client Orders

Each Client account is custom-designed and managed, and trades and recommendations are made based on the individual needs and analysis of each account. However, in some cases, SFG may aggregate (batch) transactions in the same security on behalf of more than one Client to facilitate best execution, enhance the timeliness of the transaction, and to possibly reduce the price per share and/or other costs. For those accounts that incur ticket charges for orders placed, aggregated orders will not reduce those costs. SFG effects the aggregated transactions in a manner designed to ensure that no participating Client is favored over any other Client. With respect to the aggregated order, each Client will participate at the average share price for all of SFG's transactions in that security on that business day.

When possible, securities bought or sold in an aggregated transaction are allocated pro-rata to the participating Client accounts in proportion to the size of the orders placed for each account. Under certain circumstances, SFG may increase or decrease the amount of securities allocated to each account if necessary to avoid holding odd-lot or small numbers of shares for particular Clients. When SFG is unable to fully execute an aggregated order, SFG will allocate such transactions on a pro-rata basis or in a manner SFG determines in good faith to be a fair and equitable allocation. SFG may include accounts in which the related persons have an interest.

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Item 13. Review of Accounts

For those Clients to whom SFG provides investment and advisory management services (fee account), the Advisor reviews those portfolios as part of an ongoing process, monitoring the holdings, weighting, price target objectives, and any changes that would require action in order to maintain the Client's investment guidelines. All transactions are reviewed daily by the COO, and each account is coded for its investment objective and risk parameters.

All investment advisory Clients are encouraged to discuss their needs, goals, and objectives with the Advisor and to keep the Advisor informed of any changes thereto. SFG encourages Clients to meet with Advisor and review their portfolio on an annual basis at a minimum, and the importance of regular communication between Advisor and the Client is stressed.

Unless otherwise agreed upon, Clients are provided with transaction confirmation notices after each transaction and monthly account statements (in which there is activity) directly from the designated clearing firm/custodian.

On a monthly basis, Clients will receive a report from the custodian covering:

- All transactions made in the account during the month
- All contributions and withdrawals made to or from the account
- All fees and expenses charged to the account
- The value of the account at both the beginning and end of the month

Those Clients to whom SFG provides investment advisory services will also receive a report from the Firm that may include such relevant account and/or market-related information such as market value, an inventory of account holdings and account performance on a semi-annual basis. Client will also receive an annual tax report with realized gains/losses if requested.

Those Clients to whom the Advisor provides financial planning and/or consulting services will receive reports from SFG summarizing its analysis and conclusions as requested by the Client or otherwise agreed to in writing by the Firm. Client reviews are conducted on an "as needed" basis.

Item 14. Client Referrals and Other Compensation

The firms listed in Item 12 may supply SFG (without cost or at a discount) with products and services that assist the firm in managing and administering Clients' accounts. Clients should be aware that the receipt of economic benefits by Advisor or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Registrant's choice of firms.

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SFG participates in TD AMERITRADE's institutional customer program and the Firm may recommend TD AMERITRADE to Clients for custody and brokerage services. There is no direct link between SFG's participation in the program and the investment advice it gives to its Clients, although SFG receives economic benefits through its participation in the program that are typically not available to TD AMERITRADE retail investors.

These benefits include the receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to the firm by third party vendors. T. D. Ameritrade may also have paid for business consulting and professional services received by Advisor. Some of the products and services made available by TD AMERITRADE through the program may benefit SFG but may not benefit its Client accounts. These products or services may assist Advisor in managing and administering Client accounts, including accounts not maintained at TD AMERITRADE. Other services made available by T.D. Ameritrade are intended to help Advisor manage and further develop its business enterprise.

The benefits received by Advisor or its related persons through participation in the program do not depend on the amount of brokerage transactions directed to TD AMERITRADE. As part of its fiduciary duties to Clients, SFG endeavors at all times to put the interests of its Clients first. Clients should be aware, however, that the receipt of economic benefits by Advisor or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Advisor's choice of TD AMERITRADE for custody and brokerage services.

SFG will occasionally make contributions, donations, or gifts on behalf of a Client or a Client's charity. It is the Firm's policy that such contribution cannot exceed \$100 per year.

Equity-Management Program

Advisor may receive succession planning, practice valuation, and equity management services from third-party vendors through Advisor's participation in the T.D. Ameritrade Institutional Equity Management Program. In addition to meeting minimum eligibility criteria for participation in the T.D. Ameritrade Institutional Equity Management Program, Advisor may have been selected to participate in the T.D. Ameritrade Institutional Equity Management Program based on the amount and potential profitability to T.D. Ameritrade of the assets in, and trades placed for, client accounts maintained with T.D. Ameritrade. T.D. Ameritrade is a discount broker-dealer independent of and unaffiliated with Advisor and there is no employee or

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agency relationship between T.D. Ameritrade and Advisor. T.D. Ameritrade has established the T.D. Ameritrade Institutional Equity Management Program as a means of assisting independent unaffiliated Advisors to grow and maintain their respective investment advisory business. T. D. Ameritrade does not supervise Advisor and has no responsibility for Advisor's management of client portfolios or Advisor's other advice or services to clients.

Advisor's participation in the T.D. Ameritrade Institutional Equity Management Program raises potential conflicts of interest. Advisor may encourage their clients to custody their assets at T. D. Ameritrade and whose client accounts are profitable to T. D. Ameritrade. Consequently, in order to participate in the T.D. Ameritrade Institutional Equity Management Program, Advisor may have an incentive to recommend to clients that the assets under management by Advisor be held in custody with T.D. Ameritrade and to place transactions for client accounts with T.D. Ameritrade. Advisor's participation in the T.D. Ameritrade Institutional Equity Management Program does not relieve the Advisor of the duty to seek best execution of trades for client accounts.

Advisor-Direct

Strauss Financial Group may receive Client referrals from T.D. Ameritrade through its participation in T.D. Ameritrade AdvisorDirect (the "referral program"). In addition to meeting the minimum eligibility criteria for participation in AdvisorDirect, Advisor may have been selected to participate in AdvisorDirect based on the amount and profitability to T.D. Ameritrade of the assets in, and trades placed for, Client accounts maintained with T.D. Ameritrade. T.D. Ameritrade is a discount broker-dealer independent of and unaffiliated with Advisor and there is no employee or agency relationship between them.

T.D. Ameritrade has established the referral program as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors. T.D. Ameritrade does not supervise Advisor and has no responsibility for

Advisor's management of Client portfolios or Advisor's other advice or services. Advisor pays T.D. Ameritrade an on-going fee for each successful Client referral. This fee is usually a percentage (not to exceed 25%) of the advisory fee that the Client pays to Advisor ("Solicitation Fee"). Advisor will also pay T.D. Ameritrade the Solicitation Fee on any advisory fees received by Advisor from any of a referred Client's family members, including a spouse, child or any other immediate family member who resides with the referred Client and hired Advisor on the recommendation of such referred Client.

Advisor will not charge Clients referred through AdvisorDirect any fees or costs higher than its standard fee schedule offered to its Clients or otherwise pass Solicitation Fees paid to T.D. Ameritrade to its Clients. For information regarding additional or other fees paid directly or indirectly to T.D. Ameritrade, please refer to the T.D. Ameritrade AdvisorDirect Disclosure and Acknowledgement Form.

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SFG's participation in AdvisorDirect raises potential conflicts of interest. T.D. Ameritrade will most likely refer Clients through AdvisorDirect to investment advisors that encourage their Clients to custody their assets at T.D. Ameritrade and whose Client accounts are profitable to T.D. Ameritrade. Consequently, in order to obtain Client referrals from T.D. Ameritrade, the Firm may have an incentive to recommend to Clients that the assets under management by Advisor be held in custody with T.D. Ameritrade and to place transactions for Client accounts with T.D. Ameritrade. In addition, Advisor has agreed not to solicit Clients referred to it through AdvisorDirect to transfer their accounts from T.D. Ameritrade or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. SFG's participation in AdvisorDirect does not diminish its duty to seek best execution of trades for Client accounts.

Item 15. Custody

Clients' accounts are held by a qualified custodian. Advisor does not have custody of the assets in the account and shall have no liability to the Client for any loss or other harm to any property in the account, including any harm to any property in the account resulting from the insolvency of the custodian or any acts of the agents or employees of the custodian and whether or not the full amount or such loss is covered by the Securities Investor Protection Corporation (SIPC) or any other insurance which may be carried by the custodian. The Client understands that SIPC provides only limited protection for the loss of property held by a broker-dealer/custodian.

SFG's *Agreement* and/or the separate agreement with their custodian authorizes the Firm through such custodian to debit the Client's account for the amount of Advisor's fee and to directly remit that management fee to the Firm in accordance with applicable custody rules.

SFG urges Clients to carefully review the statements received by their Custodian and to compare such official custodial records to the account statements that SFG may provide to them. The Firm's statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Item 16. Investment Discretion

SFG has discretionary authority for fee based advisory Clients which allow SFG to make decisions regarding the purchase and/or sale of securities in a Client's account without prior Client approval of each transaction. Discretionary authority requires signed permission and paperwork from the Client including but not limited to: The Disclosure Brochure, an Investment Policy Statement, a Discretionary Client Questionnaire, a Discretionary Account Agreement, and Appointment of Discretionary

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Power. Only the related persons of the Firm are allowed to hold discretionary authority.

All securities actions will be in accordance with the Client's objectives, risk tolerance, suitability, and information on the questionnaire. In making the decision as to which securities are to be purchased or sold and the amounts thereof, SFG is guided by the general guidelines that are set up at the inception of the Advisor-Client relationship in co-operation with the Client. These general guidelines cover such matters as the relative proportion of debt and equity securities to be held in the portfolio, the degree of risk which the Client wishes to assume, and the types and amounts of securities to be held in the portfolio. The Firm's authority may be further limited by specific instructions from the Client which may restrict or prohibit transactions in certain securities.

Discretionary authority will continue in effect until revoked or terminated. SFG does not vote Client proxy information, does not participate in Initial Public Offerings (IPO's) and will not accept Client trade requests via electronic correspondence (email).

Client hereby grants Related Persons of Advisor complete trading authorization with respect to the purchase and sale of securities in Client's Account, and a related person will be able to exercise **discretion** regarding the selection, the price and timing of specific investment transactions. SFG strongly encourages a continuous dialogue between Client and a related person regarding investment philosophy, risk parameters, and specific investment vehicles.

Client understands that the Firm may perform advisory and/or asset management services for other Clients, and that a related person may give advice or take actions for those Clients that differ from the advice given or the timing or the nature of any action taken for the Account. In addition, a related person may, but is not obligated to purchase, sell or recommend the purchase or sale of any security which the Firm may purchase or sell for their own accounts or the account of any other Client. Client

also understands that cash awaiting investment or reinvestment may be invested in cash balances or money market funds at the custodian/clearing firm. SFG does not take custody of Client's funds.

In no event shall SFG be obligated to effect any transaction for Client which Advisor believes would violate any applicable federal or state law, rule or regulation, or the rules or regulations of any regulatory or self-regulatory body. SFG and its related persons will not be held liable for losses caused, directly or indirectly by government restriction, exchange or market rulings, suspension of trading, computer or telephone failure, war, strikes, or any other condition beyond SFG's control.

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Item 17. Voting Client Securities (i.e., Proxy Voting)

The Advisor will not vote proxies on behalf of the Client.

Item 18. Financial Information

SFG has no financial issues that could impair their ability to carry out their fiduciary duty to the Client. Advisor has not been the subject of a bankruptcy petition in the last ten years (or since inception).

Item 19. Requirement for State-Registered Advisors

SFG, Inc. is registered with the SEC and only notices files with state regulators.