

**FORM ADV**

**Uniform Application for Investment Adviser Registration**

<b>PART 2: Uniform Requirements for the Investment Adviser Brochure and Brochure Supplements</b>
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Name of Investment Adviser:

**Kramer Capital Management, Inc.**

Business Address:

**240 Kent Avenue, 2<sup>nd</sup> Floor  
Brooklyn, NY 11249**

Contact Information:

**Telephone: 718-710-4876**

**Website: [www.kramercapitalmanagement.com](http://www.kramercapitalmanagement.com)**

Date:

**September 22, 2014**

**This brochure provides information about the qualifications and business practices of Kramer Capital Management, Inc. If you have any questions about the contents of this brochure, please contact us at 718-710-4876 or e-mail us at [shu@kramercapitalmanagement.com](mailto:shu@kramercapitalmanagement.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 Kramer Capital Management, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

The SEC adopted amendments to Part 2 of Form ADV and related rules that require investment advisers to prepare plain English narrative brochures and brochure supplements. Please note the amended Form ADV Part 2 replaces the previous Form ADV Part II. This amended form contains new, different, and revised items compared to previous Form ADV Part II that was sent out on October 1, 2010.

In the past, Part 2 required advisers to respond to a series of multiple-choice and fill-in-the-blank questions organized in a "check-the-box" format, supplemented in some cases with brief narrative responses. Instead of the check-the-box format, we will now provide new and prospective advisory clients with a narrative plain English brochure that describes our business, conflicts of interest, disciplinary history, and other important information that will help our clients to make an informed decision. This format will disclose meaningful information in a clearer format. In addition, the revised form and rules require advisers to file a Part 2A narrative brochure(s) electronically in a text-searchable Adobe Portable Document Format on IARD and to deliver the brochure to clients.

## **Table of Contents**

<b><u>Item Number</u></b>	<b><u>Item</u></b>	<b><u>Page</u></b>
4	Advisory Business . . . . .	3
5	Fees and Compensation . . . . .	3
6	Performance-Based Fees and Side-By-Side Management . . . . .	4
7	Types of Clients . . . . .	3
8	Methods of Analysis, Investment Strategies and Risk of Loss . . . . .	4
9	Disciplinary Information . . . . .	4
10	Other Financial Industry Activities and Affiliations . . . . .	4
11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading. . . .	5
12	Brokerage Practices. . . . .	6
13	Review of Accounts. . . . .	7
14	Client Referrals and Other Compensation . . . . .	7
15	Custody . . . . .	7
16	Investment Discretion . . . . .	8
17	Voting Client Securities. . . . .	8
18	Financial Information. . . . .	8

**Item 4. Advisory Business**

Kramer Capital Management, Inc. (the “Adviser”) has been in business since 1995. Andrew B. Kramer, Senior Portfolio Manager/President, has 100% ownership of Kramer Capital Management, Inc. The Adviser provides continuous investment advice to its clients based on the individual needs of each client. In providing these services, the Adviser will consider, among other things, the nature of the assets held by the client, the client’s personal and family obligations, the client’s long-term and short-term objectives and the client’s risk tolerance. These attributes will be refined and modified periodically as necessary based on conversations with the client. The Adviser does not hold itself out as specializing in a particular type of advisory services. The asset we manage on a discretionary basis is \$9,133,779 as of March 31, 2014.

**Item 5. Fees and Compensation**

Clients will pay to the Adviser, quarterly in arrears, at the beginning of each calendar quarter, an amount equal to one-quarter of the annual rate of the previous quarter’s average portfolio value so that at the end of each year, an annual fee will have been charged on the quarterly averages, defined as the average of the daily portfolio values for each day of the previous quarter. Fees are deducted directly from clients’ accounts. The annual rate is determined in advance with the client and is generally between 1% and 2% of portfolio value, dependent upon account size and other factors. Fees are negotiable. Adviser has arrangements with Capitol Securities Management. (“CSM”) which are material to its advisory business. The commission is the amount charged by CSM for purchasing or selling securities or other investments as an agent for the client and is disclosed on the client’s trade confirmation. There is no additional cost to the client as a result of such arrangements.

An advisory agreement may be terminated upon receipt of written notice given by either party to the other. Such termination shall be without the payment of any penalty and without liability of either party to the other. If the Adviser serves for less than any entire three month period, its compensation, as determined above, shall be calculated and shall be payable or refunded, as applicable, on a pro rata basis for the period of time which it will render or has rendered services.

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

The Adviser does not charge a performance-based fee.

**Item 7. Types of Clients**

The Adviser generally provides investment advice to individuals, trusts, estates, charitable organizations, pensions and profit sharing plans. There are no minimum amounts required to opening or maintaining an account with the Adviser. No management fees are charged on accounts with a balance of less than \$100,000.

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

The Adviser's security analysis methods include charting, fundamental, technical, and cyclical. The investment strategies used to implement any investment advice given to clients include long term purchases, short term purchases, trading, short sales, margin transactions, option writing, including covered options, uncovered options or spreading strategies. Each investment in securities involves risk of loss that clients should be prepared to bear.

KCM's investment strategy employs a primary value approach. Stocks and bonds selected are deemed appropriate primarily on the basis of their discount to our understanding of their book value or NAV. With respect to bonds we analyze the company's ability to make timely interest and return of principal payments.

Asset allocation decisions are made using a top down approach. We employ a number of outside consultants that we have worked with for a number of years to supply information and forecasts for the strength or weakness of the overall economy. We increase/decrease our investment percentages and our stock vs. bond allocations based on our forward looking macro economic forecasts.

Stock selection is based on a combination of fundamental and technical analyses. We select individual securities based on our fundamental analysis of their valuation and employ technical analysis to determine best levels to buy and sell as well as utilizing stop loss orders to monitor risk.

Risk management is a combination of dynamic hedging and asset allocation. We reduce risk by lowering overall investment exposure when macro economic trends weaken. We utilize dynamic hedging on specific stock positions to help maintain overall exposure to preferred sectors as well as to mitigate overall exposure during periods of heightened volatility.

Our investment strategy involves concentration in specific investments. We write quarterly letters and weekly updates to clients communicating our thinking on an ongoing basis. Our concentrated positions in highly

researched and closely followed situations is an investment strategy we have employed since our firm's inception in 1995. We spend a great deal of time communicating with our clients that our investment strategy and methodology does not involve diversification. Our method of risk control involves a thorough understanding of the particular investments that we deem appropriate to build concentrated positions.

**Item 9. Disciplinary Information**

The Adviser was not involved in any legal or disciplinary events that are material to our clients or prospective clients.

**Item 10. Other Financial Industry Activities and Affiliations**

The Adviser has arrangements with Capitol Securities Management ("CSM") which are material to its advisory business. The arrangements involve the Adviser's sharing commissions with CSM. To the extent that the broker-dealer services of CSM are utilized, clients will be charged and Andrew Kramer and Shu Wu each will receive a portion of the commission. In addition, Adviser will receive advisory fees. CSM provides administrative and brokerage services to the Adviser. Andrew Kramer and Shu Wu are both registered representative of CSM.

CSM has been registered as a broker-dealer with the Securities and Exchange Commission since 1981.

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

***Code of Ethics***

High ethical standards are essential for the success of Kramer Capital Management, Inc. ("KCM") and to maintain the confidence of clients. Our long-term business interests are best served by adherence to the principle that clients' interests come first. As such, KCM and all supervised personnel are required to comply with the applicable federal securities laws. Further, KCM has a fiduciary duty to its clients which requires individuals associated with our firm to act solely for the benefit of our clients. Potential conflicts of interest may arise in connection with the personal trading activities of individuals associated with investment adviser firms. In recognition of KCM's fiduciary obligations to its clients and KCM's desire to maintain its high ethical standards, KCM has adopted a Code of Ethics containing provisions designed to prevent improper personal trading, identify conflicts of interest and provide a means to resolve any actual or potential conflict in favor of our client.

One of our goals is to allow KCM personnel to engage in personal securities transactions while protecting our clients, KCM and its

employees from the conflicts that could result from a violation of the securities laws or from real or apparent conflicts of interests. While it is impossible to define all situations which might pose such a risk, this Code of Ethics is designed to address those circumstances where such risks are likely to arise.

Adherence to the Code of Ethics and the related restrictions on personal investing is considered a basic condition of employment by KCM. If you have any doubt as to the propriety of any activity, you should consult with the Compliance Officer or his/her designee, who is charged with the administration of our Code of Ethics, has general compliance responsibility for KCM and may offer guidance on securities laws and acceptable practices, as the same may change from time to time.

A copy of our Code of Ethics is available upon request to any client or prospective client.

***Participation or Interest in Client Transactions and Personal Trading***

From time to time: (a) the Adviser may recommend a security in which the Adviser, its principal or its employees have a financial interest, (b) the Adviser, its principal or its employees may buy or sell for themselves securities that it also recommends to clients, or (c) the Adviser, its principal, or its employees may effect securities transactions for compensation. The Adviser will conduct its activities in accordance with written procedures concerning the acquisition or disposition of securities recommended by the Adviser in which the Adviser, its principal, officers or any employee may have a financial interest. The Adviser generally manages certain of its proprietary accounts in a more aggressive manner than its clients' accounts. At times, the Adviser may make certain investments for its proprietary accounts but not for client accounts, because the Adviser may determine that such an investment is inappropriate for client accounts based on, among other things, the risk level of the investment. In addition, the Adviser may deem that an investment for client accounts is appropriate after the same investment has been made for its proprietary accounts and thereafter effect such investments for the client accounts. In determining what investments are appropriate for client accounts, the Adviser will consider, among other things, the nature of the assets held by the client, the client's personal and family obligations, the client's long-term and short-term objectives and the client's risk tolerance. The client will always receive the best price in such transactions executed on the same day; that is, the lowest price on purchases and the highest price on sales. However, with respect to transactions executed on different days, the client may receive the same, better or a worse price than that received by the proprietary account. No recommendation for the purchase and sale of securities on behalf of a

client account shall be made on the basis of securities holdings by the Adviser, its principal, officers or any employee.

In general, the Adviser, its principal, officers and any employee will conduct their activities so as to avoid any such situation that might compromise or call into question the exercise of the Advisor's fully independent judgment in the interest of clients.

## **Item 12. Brokerage Practices**

The Adviser has arrangements with Capitol Securities Management (CSM) pursuant to which CSM provides to the Adviser administrative and brokerage services (Services). The receipt of Services under the arrangement is not tied to the amount of commissions generated by the Adviser's clients. The Adviser believes that the arrangement with CSM permits it to provide investment advisory services to client accounts more efficiently and thereby to charge lower per-account advisory fees, in that it (i) provides the Adviser with a dedicated professional to monitor client trades, (ii) provides the Adviser's clients with optimal order turnaround, (iii) gives the Adviser the ability to better work and control trade orders, and (iv) affords the Adviser better error prevention. While the Adviser believes that the commissions charged by CSM are competitive as compared to other broker-dealers, the Adviser's clients may pay higher commissions for brokerage transactions placed with CSM than if the transactions were placed with another broker-dealer where they may not benefit from the Adviser's Services.

Applicant's exclusive use of CSM as broker-dealer provides several advantages, including, but not limited to, excellent trade execution, response time and order flow management. Superior service, quality of service, including such factors as execution capability, responsiveness, financial stability, clearance and settlement capability and execution at or below institutional market rates have been an ever present advantage to the Adviser and the clients it serves.

Discretionary authority is limited to the investment objective of each client. The discretionary authority is set forth in each client's investment advisory agreement. Andrew Kramer and Shu Wu as registered representatives of CSM will not account to clients of the Adviser for any commissions, other remuneration or profits made in transactions for advisory accounts. Clients should satisfy themselves that the Adviser is able to provide them with the best price and execution of transactions.

### ***Research and Other Soft Dollar Benefits***

The Adviser is not involved in any formal or informal soft dollar arrangements.

***Brokerage for Client Referrals***

Please refer to Item 12, Brokerage Practices.

***Directed Brokerage***

Please refer to Item 12, Brokerage Practices.

**Item 13. Review of Accounts**

The Adviser/Senior Portfolio Manager reviews all accounts on a weekly basis. Each holding is considered on an individual basis and also in terms of its effect on the total portfolio objective. Formal reviews, with client input, are conducted quarterly. Each account is evaluated on the basis of a client's current investment objective and changes in risk parameters and adjustments are made as necessary.

**Item 14. Client Referrals and Other Compensation**

The Adviser does not directly or indirectly compensates any person for client referrals.

**Item 15. Custody**

Clients will receive monthly brokerage statements directly from a qualified custodian used by the Adviser to effect client transactions. The Adviser will send each account a quarterly report which will include an appraisal and summary of the portfolio, a review of the portfolio's performance and a description of the Applicant's current investment outlook. We urge all clients to compare and review all account statements and reports from us and the qualified custodian carefully.

**Item 16. Investment Discretion**

The Adviser has discretionary authority over client accounts which is limited to clients' objectives.

**Item 17. Voting Client Securities**

The Adviser does not participate in proxy voting.

**Item 18. Financial Information**

The Adviser does not require or solicit prepayment of fees from clients.



**Part 2B of Form ADV: Brochure Supplement**

**For Andrew B. Kramer**

**Item 1. Cover Page**

Supervised Person:

Andrew B Kramer

240 Kent Avenue

Second Floor

718-880-9908

Name of Firm

Kramer Capital Management, Inc.

240 Kent Avenue

Second Floor

Brooklyn, NY 11249

718-710-4876

The date of this Supplement is October 2, 2014

**This brochure supplement provides information about Andrew B. Kramer that supplements the Kramer Capital Management brochure. You should have received a copy of that brochure. Please contact Shu Wu at 718-710-4876 if you did not receive the Kramer Capital Management's brochure or if you have any questions about the contents about this supplement.**

**Additional information about Andrew B. Kramer is also available on the SEC's website at [www.adviserinform.sec.gov](http://www.adviserinform.sec.gov).**

**Item 2 Educational Background and Business Experience**

Name: Andrew B. Kramer  
Date of Birth: May 30, 1962  
Formal Education  
After High School: B.A. (1984) in History from  
Colgate University

Business Background  
For the Preceding  
Five Years:

**CEO and President**  
Kramer Capital Management  
2008 – Present  
**Co-founder and Chief Operating Officer**  
Kramer Capital Management  
1995 – 2008  
**Managing Director**  
MJ Whitman, LLC  
1995-2010  
Board Member  
1995-2002  
**Vice President/Portfolio Manager**  
Paine Weber  
1993-1995  
**Vice President/Financial Advisor**  
Smith Barney  
1990-1993

**Item 3 Disciplinary Information**

There is no legal or disciplinary event material to a client's or prospective client's evaluation of Andrew Kramer.

**Item 4 Other Business Activities**

September 2014 Andrew Kramer became a partner at Lyndhurst Investment Partners LLC. (LIP). LIP is a third party marketing firm that introduces value biased equity managers (both mutual fund and hedge fund) to professional investors including endowments, family offices, professional organizations and accredited investors.

**Item 5 Additional Compensation**

LIP is compensated by fund managers in variety of ways to help raise assets under management.

**Item 6            Supervision**

Supervision oversight includes daily phone calls, updates and periodic email review and traditional correspondence review. Supervisor schedules bi-annual conference with supervised person department liaison. Mr. Kramer is supervised by Shu Wu, Partner. Ms. Wu's number is 718-710-4876.

**Item 7            Requirements for State-Registered Advisers**

A. In addition to the events listed in Item 3 of Part2B, if the supervised person has been involved in one of the events listed below, disclose all material facts regarding the event.

1. An award or otherwise being found liable in an arbitration claim alleging damages in excess of \$2,500 involving any of the following:
  - a. An investment or an investment-related business or activity;

In 2003 Jerome Spier settled his claim of lack of account oversight by Kramer Capital Management, Inc and Andrew Kramer. Spier claimed loss total of \$650,000. Case was settled for \$50,000.