

KRS CAPITAL MANAGEMENT, LLC

CLIENT BROCHURE

This Brochure provides information about the qualifications and business practices of KRS Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at (248) 433-0621 or via email directly to the Chief Compliance Officer at rsteed@krscapitalmanagement.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. Registration does not imply a certain level of skill or training. Additional information about KRS Capital Management, LLC is available on the SEC's website at www.adviserinfo.sec.gov. KRS Capital Management, LLC's CRD number is: 142928

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Item 2 Summary of Material Changes

Registered Investment Advisers are required to amend their Form ADV Brochures promptly with material changes throughout the year and no less than once per year within 90 days of each fiscal year end. This Form ADV Brochure (Parts 2A) and Brochure Supplement (Part 2B) are amended as of January 2024.

Since the last annual update on March 27, 2023, KRS Capital Management, LLC had no material changes to report.

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Item 4 Advisory Business

A. DESCRIPTION OF THE ADVISORY FIRM.

KRS Capital Management, LLC ("KRS Capital Management", or "Adviser"), is an independently owned, fee-only advisory practice founded by Roger Steed, Managing Member and Chief Compliance Officer. Mr. Steed is 100% owner of the Adviser. KRS Capital Management is registered as an investment adviser with the U.S. Securities and Exchange Commission ("SEC"). The Adviser is headquartered and maintains its sole office in Bloomfield Hills, Michigan and has no affiliated entities.

KRS Capital Management has been a registered investment adviser since February 2007. From February 2007 to March 2012, the Adviser was registered with the SEC. In March 2012, the Adviser transitioned its registration as required by the Dodd-Frank Act to the State of Michigan and was regulated by Michigan's Department of Licensing and Regulatory Affairs until June 2022.

B. TYPES OF ADVISORY SERVICES

KRS Capital Management is a fee-only Registered Investment Management Firm.

The term "fee only" means the Adviser and its Advisory Representative do not accept commissions but are compensated only in the form of advisory fees paid by clients. The Adviser receives fees in the form of a percentage of assets under management or a fixed fee, depending upon the nature and scope of the services provided. Advisory Representatives are those persons who are approved to provide Investment Management services on behalf of the Adviser. The Advisory Representatives of KRS Capital Management are neither Registered Representatives of a broker/dealer nor are they independent insurance agents.

KRS Capital Management is committed to helping its clients build, manage, and preserve their wealth, and to provide assistance in helping clients to achieve their stated financial goals. KRS Capital Management may offer a complimentary initial consultation to discuss services available, to give a prospective client the opportunity to review services desired, and to determine the possibility of a potential Client- Adviser relationship. Services begin only after the client and Adviser formalize the relationship with a properly executed Client Agreement.

After the formal engagement and depending upon the scope of the engagement, the Adviser and client will share in a data gathering and discovery process in an effort to determine the client's needs, goals, intentions, time horizons, risk tolerance and investment objectives, based upon information provided by the client and the nature of services requested. The client and Adviser may complete a risk assessment, investment policy statement or similar document, depending upon the nature of services to be provided.

KRS Capital Management is not a broker/dealer or custodial firm. Any transactions in securities will be executed by an unaffiliated custodial firm of the client's choosing.

KRS Capital Management offers **Investment Management Services, Financial Planning Services, and weekly market commentary letters.**

1. Investment Management Services are ongoing in nature and provide for ongoing and continuous advice and services. In the delivery of initial and ongoing services, the Adviser will include a review of the overall aspects of a client's current financial situation and consider both long and short-term objectives, or as directed by the client. The Adviser can also tailor services to focus only on certain portfolio components, depending upon the client's wishes and/or the nature of the engagement.

KRS Capital Management welcomes the opportunity to provide individualized services; however, where investment management services or information are limited, clients must understand that comprehensive investment needs and/or objectives may not be fully considered due to the client's option to receive limited services, the lack of information received, and/or client disclosure.

After an analysis and data-gathering process and depending upon the nature of services desired, KRS Capital Management may prepare reviews, analyses, asset allocation recommendations, and may recommend specific investments.

While KRS Capital Management will typically recommend investments in low-cost mutual funds exchange traded funds, index funds and individual securities, the Adviser does assist the client with other investments. Depending on the needs of a client, the Adviser evaluates or offers advice on U.S. Government securities, municipal bonds, and other fixed-income securities. The Adviser constructs a diversified portfolio of investments that are within its realm of expertise. Additionally, if requested and based upon information provided by the client, KRS Capital Management can prepare an evaluation of existing portfolio investments and provide recommendations for other investments as deemed appropriate. While the Adviser offers advice on partnership investments, including hedge funds, the services provided are limited to consultation regarding the investment opportunity and a review of the offering documents. The Adviser does not manage partnership investments.

Services and investment recommendations in connection to assets invested in corporate retirement plans are limited to those offered within the plan and via the plan's contracted service providers.

Where an existing portfolio has been designed by the client or another party, KRS Capital Management provides recommendations for ongoing management; re-design, adjustments or re-balancing.

Once a portfolio has been implemented or transferred for services, KRS Capital Management provides continuous monitoring, recommendations and investment advice as outlined in the engagement for services. The ongoing Investment Management Services are based upon the investment strategy or policy agreed upon between KRS Capital Management and the client. In providing ongoing Investment Management Services, the Adviser manages investor funds in accordance with an investment strategy selected by the client and the Adviser remains available for ongoing advice and recommendations. KRS Capital Management monitors the portfolio in accordance with the directives provided.

The Adviser's Investment Management Services are continuous in nature and therefore are ongoing until terminated by either party.

Ongoing services require that clients maintain contact with KRS Capital Management. Clients are obligated to promptly notify the Adviser of any changes in the client's personal situation, lifestyle situation, needs, and financial condition that may alter the client's goals and objectives in order to provide the Adviser with the opportunity to review investment strategies to determine if adjustments may be needed.

Certain clients may desire to place or keep certain assets within their account(s) that are selected by client and these assets are not the subject of investment advice provided by the Adviser. These assets are known as "self-directed" assets. The Adviser has no responsibility to manage any self-directed assets in client accounts and the Adviser accepts no liability to those clients in connection with any loss relating to the self-directed assets. In such cases, the Adviser has/will not pass on the suitability of self-directed assets. Should the Adviser ever assist clients with self-directed implementation it may do so only as a value-added service at the client's request. The Adviser will therefore not manage this facet of the client's portfolio unless specifically agreed in writing.

IRA Rollover Recommendations

Effective December 20, 2021 (or such later date as the US Department of Labor ("DOL") Field Assistance Bulletin 2018-02 ceases to be in effect), for purposes of complying with the DOL's Prohibited Transaction Exemption 2020-02 ("PTE 2020-02") where applicable, we are providing the following acknowledgment to you.

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

We benefit financially from the rollover of your assets from a retirement account to an account that we manage or provide investment advice, because the assets increase our assets under management and, in turn, our advisory fees. As a fiduciary, we only recommend a rollover when we believe it is in your best interest.

2. Financial Planning Services are dependent upon the nature and scope of services to be provided. Advice is provided on financial and cash management, risk management, financial issues relating to divorce or marital issues, estate planning, tax issues, retirement planning, educational funding, goal setting, or other needs as identified by the client. The Adviser offers comprehensive planning services or advice on certain planning components only. KRS Capital Management tailors services as desired by the client. Financial Planning Services are provided on a fixed fee project basis.

When Financial Planning Services only focus on certain areas of client interests, needs or is otherwise limited, clients must understand that a client's overall financial and investment needs and objectives may not be considered as a result of time and/or service restraints placed on the Adviser's services. Clients requiring assistance on issues relating to matters outside of investment advisory topics should consult their personal tax adviser, legal counsel, or other professionals for expert opinions. When providing plan-related services, the advice and recommendations are limited to plan offerings. The advice provided by the Adviser may include recommendations for updates and reviews. It is the client's responsibility to update their own plans or engage the Adviser for follow-up services under a new engagement.

KRS Capital Management suggests the client work closely with the client's attorney, accountant, insurance agent, and the client's custodian. Implementation of any advice or recommendations pertaining to non-securities matters (such as insurance), in whole or in part, is entirely at the client's discretion via the service provider(s) of the client's choice.

When providing a review or advice on investments within retirement plans, the advice and any recommendations are limited to plan offerings and the service provider(s) selected by the plan providers.

3. Complimentary Newsletter. KRS Capital Management provides clients with a complimentary newsletter during the Investment Management Relationship. The newsletters are focused on general information relating to the topics of investing and financial planning.

C. CLIENT TAILORED SERVICES AND CLIENT IMPOSED RESTRICTIONS

KRS Capital Management recognizes that each client is unique and therefore the Adviser focuses on providing individualized services. The Adviser can tailor its services to focus only on certain portfolio components, depending upon the client's wishes and/or the nature of the engagement. However, where client services or information are limited, clients must understand that comprehensive financial and/or investment needs and objectives may not be fully considered due to the client's option to receive limited services, the lack of information received, and/or client disclosure.

The Adviser and client will share in a data gathering and discovery process in an effort to determine the client's stated needs, goals, intentions, time horizons, risk tolerance and investment objectives, based upon information provided by the client and depending upon the nature of services requested. The client and Adviser may complete a risk assessment, investment policy statement or similar document, depending upon the nature of services to be provided.

Clients are welcome to set parameters on the Adviser's limited discretionary authority in writing as to types of investments and amounts purchased or sold. Clients may also impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs and these directives will be set forth in writing in the client's Investment Policy Statement. Where clients retain authority to implement recommendations, they are welcome to do so in whole or in part via the financial services provider(s) of their choice.

Clients may make additions to and withdrawals from their account at any time, subject to the Adviser's right to terminate an account. Clients may withdraw account assets on notice to the Adviser, subject to the usual and customary securities settlement procedures. KRS Capital Management normally designs its portfolios as long-term investments and asset withdrawals may impair the achievement of a client's investment objectives.

D. WRAP FEE PROGRAMS

KRS Capital Management does not sponsor or manage a wrap fee program.

E. AMOUNTS OF ASSETS UNDER MANAGEMENT

KRS Capital Management's fiscal year end regulatory assets under management as reported in the Adviser's ADV Part 1A fiscal year end December 29, 2023 filing is \$126,149,965 in 152 discretionary accounts.

Item 5 Fees and Compensation

A. FEE SCHEDULES

KRS Capital Management is only compensated for advisory services in the following manner: A percentage of assets under management or fixed fees, which are dependent upon the nature and scope of the engagement.

1. Advisory fees for **Investment Management Services**. Advisory fees for Investment Management Services are agreed upon at the time of engagement. KRS Capital Management desires a minimum portfolio size of \$1 million but may waive the minimum based upon a pre-existing relationship, the ability to meet the minimum within a reasonable time period, or other special circumstances and considerations, at the discretion of the Adviser.

Investment Management fees are charged quarterly in advance and each invoice will normally be based upon the market value of the portfolio, set forth by the custodian, as of the last market day of the relevant calendar month and in accordance to the fee scale listed below. In some cases, the Adviser requests a minimum annual fee of \$5,000. However, at the time of engagement, the Adviser reserves the right to modify Investment Management fees or to waive its minimum, depending upon the nature of the engagement, complexity of services, time to be incurred, in consideration of pre-existing relationships, or other special situations entirely at the Adviser's discretion. Therefore, the Adviser's fees are negotiable.

<u>Portfolio Value</u>	<u>Annual Advisory Fee</u>
\$1 million to \$2 million	1.00%
Additional values above \$2 million to \$5 million	.60%
Any additional values above \$5 million	.50%

The Advisory fee can be revised during the engagement but only with a 30-day pre-notification from the Adviser. This may occur when the client's situation has changed materially, the scope of services and complexities has changed, or other changes have occurred which impact service. Should the client decide not to accept the fee adjustment, client can terminate services at any time.

In the rare case where there is an absence of a portfolio value (via the custodial firm); the Adviser will utilize at least one independent third party to assess the value of the particular holding. Where services are initiated at any time other than the beginning of a calendar quarter, advisory fees will be pro-rated.

Either party can terminate the agreement for Investment Management Services by written notice to the other. Services may be immediately terminated within 5 business days of signature with no fees due if the ADV Part 2 was not delivered at least 48 hours prior to engagement. Where services are terminated prior to the end of a calendar quarter, the Adviser will promptly return a pro-rated refund of pre-paid advisory fees.

2. Fees for **Financial Planning Services** are determined at the time of engagement based upon the time and effort required and/or the nature and complexity of services, therefore fees may be negotiated. The Adviser's minimum project fee is \$5,000 for Financial Planning projects. KRS Capital Management may require a retainer equal to ½ the proposed project fee in order to schedule services. The Adviser does not accept fees for services to be performed six or more months in advance. Where a retainer is required, the project balance is due upon the delivery of services. Should the client's financial situation change during the course of services such that new advice, recommendations or

research are required or the Adviser must re-work the prepared financial planning services, additional fees will apply. However, the Adviser will not engage in additional services that result in fees without the client's approval.

Financial Planning Services may be terminated within 5 business days of signature with no fees due if the ADV Part 2 was not delivered at least 48 hours prior to engagement. Otherwise, clients are only to be invoiced for time incurred by the Adviser up until the effective date of termination or prepaid but unearned fees will be promptly refunded.

3. Complimentary Weekly Market Letter

Clients receiving Investment Management Services receive the Adviser's weekly market update letter on a complimentary basis.

B. PAYMENT OF FEES

1. Unless otherwise agreed in writing, **Investment Management fees** are payable quarterly in advance as disclosed herein. Payment of Investment Management fees may be made directly to the Adviser or through a debit directly to the client's account by the qualified custodian holding the client's funds and securities. The Adviser follows the following process when payment is made via a qualified custodian:

(1) The client provides written authorization permitting the fees to be paid directly from the client's account held by the independent qualified custodian and the authorization is limited to withdrawing contractually agreed upon Investment Adviser fees; (2) The client will directly receive regular (monthly or quarterly) reports from the qualified custodian which reflect the Adviser's fee deduction; (3) The frequency of fee withdrawal shall be specified in the written authorization/agreement; (4) The custodian of the account shall be advised in writing of the limitation on the Adviser's access to the account; and (5) The client shall be able to terminate the written billing authorization or agreement at any time.

It is important to note that custodial firms do not verify advisory fees. Therefore, clients should review their custodial statements carefully. If a client should have any questions or concerns in connection with an advisory fee deduction, they should promptly contact KRS Capital Management.

If at any time during the engagement, the client fails to receive the regular statements produced by the custodian, it is important for the client to promptly notify KRS Capital Management and the custodial firm.

If the designated account(s) do not contain sufficient funds to pay advisory fees, the client can leave standing orders to deduct fees via other accounts. In the absence of alternate instructions, the Adviser will issue an invoice for advisory fees to the client and payment is expected within 10 days of the invoice date.

2. **Financial Planning** fees are invoiced and paid directly by the client.

3. **Weekly Commentary Letters** are complimentary and available to active Investment Management clients.

C. CLIENTS ARE RESPONSIBLE FOR FEES ASSOCIATED WITH INVESTING

Clients are responsible for the payment of all third-party fees associated with investing. Clients may pay transaction and brokerage commission to their broker/dealer or other service providers ("*Financial Institution[s]*") as well as any fees associated with their particular accounts (e.g., account opening, maintenance, transfer, termination, wire transfer, retirement plan, trust fees, and all such applicable third party fees, deferred sales charges, odd lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions).

The Adviser donates a portion of its earned fees to various charitable organizations. A list of these charitable entities is available upon request, in the event this is important to our client.

KRS Capital Management's Investment Advisory fees are not "performance based" (based upon a share of capital gains or capital appreciation for any portion of funds under an advisory contract). The fees noted herein represent fees for advisory services only. Clients may pay transaction and brokerage commission to their broker/dealer as well as any fees associated with their particular accounts (e.g., account opening, maintenance, transfer, termination, cash wire transfer, retirement plan, trust fees, and all such applicable third-party fees).

All fees paid to the Adviser for advisory services are separate from the fees and expenses charged to shareholders by mutual fund companies or by managers of ETFs. A complete explanation of the expenses charged by a mutual fund is contained in the respective mutual fund prospectus. Clients are encouraged to read each fund prospectus and securities offering document before investing.

When the Advisor recommends a mutual fund to a client, it does so in keeping with its fiduciary duty of loyalty and care to the client and will recommend a share class of the fund that is in the best interest of the client.

KRS Capital Management does not receive any portion of mutual fund fees, transaction fees, brokerage commissions, custodial fees, or any type of investment-related or third-party fees. Clients should read all disclosure documents before investing.

Portfolio additions may be in cash or securities provided the Adviser reserves the right to liquidate any transferred securities, or decline to accept particular securities into a client's account. The Adviser consults with its clients about the options and ramifications of transferring securities. However, clients are hereby advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

D. PRE-PAYMENT OF FEES

KRS Capital Management collects Investment Management fees quarterly and in advance of services. The Adviser may require a pre-paid retainer for Financial Planning Services unless otherwise agreed upon at the time of engagement.

As previously noted in the service sections of this brochure, clients who do not receive the Adviser's Form ADV Part 2A and applicable Part 2B brochure supplements at least 48 hours prior to engagement have the right to terminate the Adviser's services within 5 business days of signature without penalty (no fees due or prepaid fees will be promptly refunded).

Either party may terminate the agreement for Investment Management Services by written notice to the other. Where services are terminated prior to the end of a calendar quarter, the Adviser will promptly return a pro-rated refund of pre-paid fees. The Adviser will calculate the refund using the effective date of termination and the remaining calendar days in which services were pre-paid.

Financial Planning Services may be terminated within 5 business days of signature with no fees due if the ADV Part 2 was not delivered at least 48 hours prior to engagement. Thereafter, the client will only be invoiced for time incurred by the Adviser up until the effective date of termination or prepaid but unearned fees will be promptly refunded.

E. OTHER COMPENSATION FOR THE SALE OF SECURITIES OR OTHER INVESTMENT PRODUCTS TO CLIENTS

KRS Capital Management is a fee-only Registered Investment Adviser. Neither the Adviser nor its supervised persons accept any compensation/commission for the recommendation of securities or non-securities products including asset-based sales charges or service fees from the sale of mutual funds.

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

KRS Capital Management's fees associated with services are not "performance based" (based upon a share of capital gains or capital appreciation, or performance, for any portion of funds under an advisory contract). The fees noted herein represent fees for advisory services only.

Item 7 Types of Clients

KRS Capital Management is available to provide advisory services to individuals, including high net worth individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, corporations and business entities.

KRS Capital Management desires a minimum annual fee of \$5,000; however, the Adviser retains the right to negotiate alternative fee arrangements on a case by case basis.

The Adviser reserves the right to decline to provide Investment Management Services to any person or firm in its sole discretion.

If an account is subject to the Employee Retirement Income Security Act of 1974, as amended, ("ERISA"), the Adviser acknowledges that Adviser is a fiduciary within the meaning of the Act and the ERISA Client is a named fiduciary with respect to the control or management of the assets in the Account. In each instance, the Client will agree to obtain and maintain a bond satisfying the requirements of Section 412 of ERISA and to include the Adviser and the Adviser's principals, agents, and employees under those insured under that bond and will deliver to the Adviser a copy of the governing plan documents. If the Account assets for which the Adviser provides services represent only a portion of the assets of an employee benefit plan, Client will remain responsible for determining an appropriate overall diversification policy for the assets of such plan.

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

A. METHODS OF ANALYSIS AND INVESTMENT STRATEGIES

The Adviser believes each client presents a unique set of goals, values, interests, objectives, time horizons and challenges. KRS Capital Management provides individualized Investment Management Services to its clients. The Adviser can provide advisory services for portfolios ranging from conservative to moderately aggressive; each designed to meet the varying needs of and within the direction set forth by the investors. The Adviser selects the portfolio best suited to their individual needs after clients have defined their objectives, risk tolerance and time horizons and the selection is approved by the client.

The Adviser attempts to measure an investor's risk tolerance, time horizon, goals and objectives through an interview and data-gathering process in an effort to determine an investment plan or portfolio to best fit the investor's profile. Client participation and the client's delivery of accurate and complete information are critical to the Adviser's process. In performing its services, the Adviser shall rely on any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) and is not required to verify such information.

Investment strategies are based upon a number of concepts and determined by the type of investor. Services are customized for each individual client. The concept of asset allocation, or spreading investments among a number of asset classes (domestic stocks vs. foreign stocks; large cap stocks vs. small cap stocks; corporate bonds vs. government securities) is generally in the forefront of our strategies. At its heart, asset allocation seeks to achieve the most efficient diversification of assets, to help lessen risk while not sacrificing the effectiveness of the portfolio in an effort to help yield the client's objectives. Since risk reduction is a key element to long-term investment success, asset allocation principles are a key part of the Adviser's overall approach in preparing advice for clients.

The Adviser seeks to minimize trading costs and the impact of investments on taxes. To this end, the Adviser generally sets target ranges for the percentage of assets in each asset class. These ranges are not intended to attempt to time the market, but instead to provide flexibility to reduce trading activity and taxable income. Within each asset class, the Adviser will typically seek to construct broadly diversified portfolios using individual securities or low-cost mutual funds. The choice of whether to use mutual funds and/or EFTs depends on a number of factors, including whether purchasing individual securities in a particular asset class would allow for sufficient diversification consistent with reasonable trading costs, whether there are tax advantages to individual securities, and whether the Adviser believes that there are market inefficiencies that justify buying particular securities.

Portfolio holdings or recommendations are generally judged by (managers' or investments') experience, track record and performance of like-kind investments. The Adviser actively manages each portfolio. Investors should expect to remain fully invested within the ranges of their selected asset allocation plan at all times unless restated by the client. KRS Capital Management looks to the long-term when developing advice and recommendations based upon information provided by the client.

While the Adviser makes every effort to consider tax consequences, the sale of investments may cause taxable gain(s) or loss(es) to the client. Clients are welcome to consult their independent personal tax adviser about tax consequences resulting from transactions or any particular investment held in their account.

In certain situations, the Adviser assists clients who wish to more actively trade securities. In such cases, the Client and Adviser devise various strategies in order to generate short-term gains. Short-term investment strategies are not appropriate for every investor. Investors interested in the short-term strategies should be able to sustain a possible total loss of investment.

The Adviser utilizes one or more of the following methods of analysis. However, the KRS Capital Management takes the position that no single strategy can be relied upon to outperform the market. As outlined in this section, KRS Capital Management's goal in its analysis is not to time the market.

1. **Fundamental Analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

For example, an investor can perform fundamental analysis on a bond's value by looking at economic factors, such as interest rates and the overall state of the economy, and information about the bond issuer, such as potential changes in credit ratings. For assessing stocks, this method uses revenues, earnings, future growth, return on equity, profit margins and other data to determine a company's underlying value and potential for future growth. In terms of stocks, fundamental analysis focuses on the financial statements of the company being evaluated.

Very broadly described, this type of analysis involves a method of evaluating a security that entails attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macro-economic factors (like the overall economy and industry conditions) and company-specific factors (like financial condition and management).

The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price, with the aim of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short).

This method of security analysis is the primary analysis method used but Technical Analysis is used alongside Fundamental Analysis to help assist appropriate timing of entering and exiting securities. Fundamental analysis is performed on historical and present data, but with the goal of making financial forecasts.

There are several possible objectives:

- to conduct a company stock valuation and predict its probable price evolution,
- to make a projection on its business performance,
- to evaluate its management and make internal business decisions,
- to calculate its credit risk. Fundamental Analysis is not without its drawbacks and problems. For one, this method can be tedious and time consuming. Additionally, once a trend in the fundamentals of the company is established, normally, the future growth will be extrapolated using that trend. The extrapolation is a subjective exercise and should be cautiously assessed. As an example, the trend may still be up but the market may already be saturated and thus there is a higher chance of the trend flattening rather than continuing upward.

Extrapolation does not always work and can result in a wrong call. Additionally, fundamental analysis involves a time delay as the financial data the analyst is reviewing is always from the previous year or previous quarter. It should also be noted that even if a fundamentally strong company at the right price is identified, it does not mean that the company's shares are going to move anytime soon. Therefore, some holdings may need to be held for quite some time.

A stock's position in the market is also driven by investor sentiment, which can sometimes swing in extremes. As a result, stock prices of companies can reach extremely overvalued levels or extremely undervalued levels. When the share price becomes overvalued, a fundamental analyst will stay out or they will exit too early. As the share price reaches extremely overvalued levels, the fundamental analyst might miss out the biggest gain in the share price. This type of analyst may also buy when the price drops within a value range and yet the stock price could head lower still well into oversold regions before recovering.

As with any data produced by a third party, there is always the possibility that the company's data has been manipulated, as investors have seen in the news. It does happen and it can be very difficult to detect. Thus, an analyst is limited by the information that is published.

2. Technical Analysis is a method of evaluating securities by analyzing the statistics generated by market activity, such as past prices and volume. Generally speaking, technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity.

The field of technical analysis is based on three assumptions:

1. The market discounts everything.
2. Price moves in trends.
3. History tends to repeat itself.

This type of analysis can be broadly described as a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume.

Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. It is a discipline for forecasting the direction of prices through the study of past market data, primarily price and volume. Technical analysts lean towards the belief that the historical performance of stocks and markets are likely indications of future performance. Obviously, past performance is not always a reliable indicator.

Technical Analysis can be difficult, as analysts need to learn various indicators and patterns and understand how they relate to investor sentiment and behavior. Analysts also have to devise methods of how these issues may impact stock price. Like other analysis methods, technical analysis is not 100% accurate or reliable. Relative success depends on the analyst, the analysis tools and the stock or market itself. Often there can be contradicting results which may result in a situation where no trade can be made. An example of this exists when the overall market is heading in one direction and the particular share price is pointing to the opposite direction.

The interpretation of technical indicators is subjective. The same indicator could be interpreted as bullish by one side of the camp and as bearish by the other side of the technical camp. The subjective aspect of technical analysis gives way to another drawback of technical analysis which is the validation of a biased view. The analyst may have already formed a view based on the state the economy is

currently or the situation of the market and sector the company is operating in. An example of this is an analyst who is entrenched in the idea that a certain investment (such as gold) will perform in a certain way. This is obviously not a wise use of technical analysis but human nature as it is, it can happen.

3. **Cyclical Analysis** is a method that generally looks at cycles that can impact that market, depending upon the type of securities. This analysis method takes into consideration that there are cyclical and noncyclical securities.

Cyclical stocks are stocks that follow the general economic environment. The automotive industry is a prime example of a cyclical sector. Cyclical stocks do well in times of economic prosperity and generally suffer greater during times of economic recession or hardship.

Conversely, health care stocks are an excellent example of non-cyclical stocks as there will always be a need for health care, regardless of the economic situation. These stocks typically have consistent profits, rather than spikes.

Historically, the difference between cyclical and noncyclical stocks has been cash flow. The cash flow of cyclical stocks is affected by the movement of the economy in general. A major category of cyclical stocks is retail consumer products. When the market swings up, cyclical stocks make big upward swings and when it swings down, they move way down. Their movement is widely followed as indicators of the overall health of the economy. However, some cyclical companies attempt to alleviate the impact of cyclical changes by diversifying their product line, expanding to overseas markets and segmenting a cyclical division out to its own stock symbol. Additionally, technology has minimized the impact of cyclical organizations.

Noncyclical stocks are less affected by a downturn in the economy. Referred to as "defensive industries," they are the types of goods that are purchased regardless of the economy. These may include food, insurance and drugs. Analysts attempt to use their knowledge about the cyclical nature of certain industries to predict revenues, interpret earnings reports and make judgments about the overall financial health of a company.

Generally speaking, the stock prices of cyclical companies tend to increase when analysts predict positive news about the future of the economy. If investors feel the market is moving up, cyclical stocks may offer growth opportunities. If they feel the market is moving down, noncyclical stocks may provide stability.

As with any strategy, Cyclical Analysis is not without drawbacks. Cyclical investments are not a durable method for portfolio diversification and they do not offer protection in a falling market. The prices of these investments are partly based on the investors' belief and not on fact. While cyclical investments may allow investors to take advantage of large upward swings in the market, their earnings patterns are unpredictable.

4. **Other.** KRS Capital Management's investment strategies are based upon a number of concepts and determined by the type of investor. Services are customized for each individual client. The concept of asset allocation, or spreading investments among a number of asset classes (domestic stocks vs. foreign stocks; large cap stocks vs. Small cap stocks; corporate bonds vs. government securities), certainly has a great deal of acceptance in the professional investment community. At its heart, asset allocation seeks to achieve the most efficient diversification of assets, to help lessen risk while not sacrificing the effectiveness of the portfolio in an effort to yield the client's objectives. There is certainly always the possibility that an asset allocation strategy may not be successful. However, since KRS Capital Management believes that risk reduction is a key element to long-term investment success, asset allocation principles are a key part of the Adviser's overall approach in preparing advice.

KRS Capital Management believes that clients must be kept aware of developments in the global economy, shifts in domestic markets and indicators that signal key opportunities on which to take action. When the Adviser is engaged for the delivery of long-term Investment Management Services, KRS Capital Management communicates with its clients on a regular basis to make sure that critically important information is communicated properly.

KRS Capital Management utilizes many sources of public information to include financial news and research materials. Investment strategies may include long-term and short-term purchases depending upon the individual needs of the client.

Numerous publicly available sources of economic, financial and investment research are used by the Adviser. Asset allocation software and historical performance modeling software is utilized.

In providing Financial Planning Services, KRS Capital Management looks to the long-term. After KRS Capital Management evaluates the Clients' financial needs, the Adviser designs investment and risk-management strategies to help the Client achieve his or her financial goals.

Recommendations for or purchases of investments are based on publicly available reports and analysis. In the case of mutual funds, recommendations will be based on reports and analysis of performance and managers, and certain computerized models for asset allocation and investment timing. Tactical asset allocation (market timing, stock selection and track record investment) is greatly discouraged.

Portfolio holdings or recommendations are generally judged by (managers' or investments') experience, track record and performance of like-kind investments.

While already stated herein, it is critically important that the client promptly notifies the Adviser of any change in the client's financial condition so the Adviser has the opportunity to assess any possible changes needed in the advice, recommendations or investment strategies. Changing conditions in the client's financial life or significant changes in market conditions may warrant a collaborative effort with the client to modify their strategic investment framework, which consequently may also trigger changes to investment holdings within the portfolio.

It is important to understand that investing in securities involves a risk of loss that a client should be prepared to bear.

B. MATERIAL RISKS INVOLVED

KRS Capital Management takes the general position that investors with diverse portfolios have a better chance of making a profit because it is difficult to accurately predict the movement of the economy.

No single strategy can be relied upon to outperform the market. As outlined below, KRS Capital Management's goal in preparing its analysis is not to time the market.

KRS Capital Management generally utilizes long-term investment strategies, ETFs, and cash management.

KRS Capital Management seeks to utilize investment strategies that are designed to capture market rates of both return and risk. Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes. Short sales and options writing generally hold greater risk and clients should be aware that there is a chance of material risk of loss using any of those strategies.

Clients may make additions to and withdrawals from the account at any time, subject to the Adviser's right to terminate an account. Clients may withdraw account assets on notice to the Adviser, subject to the usual and customary securities settlement procedures. The Adviser generally designs its client portfolios as long-term investments and assets withdrawals impair the achievement of a client's investment objectives.

All investing strategies offered by the Adviser involve risk and could result in a loss of an investor's original investment. Identified material risks associated with the Advisor's investment strategies include:

Market Risk: Market risk involves the possibility that an investment's current market value will decline due to general market decline, thus reducing the value of the investment regardless of the operational success of the issuer's operations or its financial condition.

Investment Strategy Risk: This risk exists when an Adviser's strategy fails to produce the intended results.

Style Risk: The Adviser's strategy consists of "value" and or "growth" investments. With respect to securities and investments considered undervalued by the Adviser, market prices may not reflect our determination that the security is undervalued, and its price may not increase to what we believe to be its full value and may even decrease in value. With respect to "growth" investments, the underlying earnings or operational growth anticipated may not occur, or the market price of the security may not increase as anticipated.

Defensive Risk: To the extent that the strategy attempts to hedge or take defensive measures such as holding a significant portion of its assets in cash or cash equivalents, the objective may not be achieved.

Interest Rate Risk: Bond (fixed income) prices generally fall when interest rates rise, and current market value may fall below par value. The opposite is also generally true: Bond prices generally rise when interest rates fall. In general, fixed income securities with longer maturities are more sensitive to these price changes.

Most other investments are sensitive to interest rate fluctuations.

Legal or Legislative Risk: Legislative changes or court rulings may impact the value of investments, or the securities' claim on the issuer's assets and finances.

Inflation: Inflation may erode the buying-power of your investment portfolio, even if the dollar value of your investments remains the same.

Clients may choose to make self-directed securities transactions, which are investments that are not reviewed and/or not recommended by the Adviser. In such cases, the Adviser has not passed on the suitability of said investments and while the Adviser may assist with client-directed implementation as a value-added service at the client's request, the Adviser will not manage these types of investments unless agreed in writing.

C. RISKS OF SPECIFIC SECURITIES UTILIZED

KRS Capital Management generally seeks investment strategies that do not involve significant risk or unusual risk beyond that of the general domestic and / or international equity markets. Investments in individual stocks contain risk. Some risks can be controlled and some risks can be guarded against but no investment strategy carries guarantee from loss. Certain market risks cannot be controlled, such as market or economic conditions.

Investments in mutual funds bear a risk of investment loss. Clients who invest should also be prepared to bear a loss of investment proceeds.

Exchange traded funds (ETFs) can vary significantly from their net asset value due to market conditions. Certain funds do not track to underlying benchmarks as expected.

Fixed income is utilized as a portfolio diversification element as well as for income deriving investments outside of equity exposure.

There are certain risks involved in investing in all types of bonds: Government, Municipal, and Corporate. The following is an overview of the types of risks to consider: Interest rate risk; reinvestment risk; inflation risk; market risk, selection risk, timing risk, and price risk. Additional risks for some government agency, corporate and municipal bonds may include: Legislative risk (a change in the tax code could affect the value of taxable or tax-exempt interest income); Call risk (some corporate, municipal and agency bonds have a "call provision" entitling their issuers to redeem them at a specified price on a date prior to maturity. Declining interest rates accelerate the redemption of a callable bond, causing an investor's principal to be returned sooner than expected. In that scenario, investors have to reinvest the principal at a lower interest rate.

If the bond is called at or close to par value, as is usually the case, investors who paid a premium for their bond also risk a loss of principal. Additionally, there is a liquidity risk involved if investors have difficulty finding a buyer when they want to sell and may be forced to sell at a significant discount. Liquidity risk is greater for lower-rated bonds, bonds that were part of a small issue, bonds that have recently had their credit rating downgraded or bonds sold by an infrequent issuer.

Additional risks for corporate and municipal bonds include: Credit risk; default risk; event risk and duration risk.

Thoughtful investment selections that meet a client's stated goals and risk profile may help keep individual risks at an acceptable level.

Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that all clients should be prepared to bear.

Item 9 Disciplinary Information

Neither KRS Capital Management, nor any of its Advisory Representative, has had any civil or criminal actions brought against them.

Neither KRS Capital Management, nor any of our employees, has had any administrative proceedings before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority.

Neither KRS Capital Management, nor any of our employees, has had any proceedings before a self-regulatory organization

Item 10 Other Financial Industry Activities and Affiliations

A. REGISTRATION AS A BROKER/DEALER OR BROKER/DEALER REPRESENTATIVE

Neither KRS Capital Management nor its Advisory Representative is registered as a broker/dealer or as representatives of a broker/dealer.

B. REGISTRATION AS A FUTURES COMMISSION MERCHANT, COMMODITY POOL OPERATOR OR A COMMODITY TRADING ADVISER

Neither KRS Capital Management nor its Advisory Representative is registered as a FCM, CPO or CTA.

C. REGISTRATION RELATIONSHIPS MATERIAL TO THIS ADVISORY BUSINESS AND CONFLICTS OF INTEREST

Neither KRS Capital Management nor its Advisory Representative has any other financial relationship.

SELECTION OF OTHER ADVISORS OR MANAGERS AND HOW THIS ADVISER IS COMPENSATED FOR THOSE SELECTIONS

KRS Capital Management does *not* recommend the services of any third-party managers in connection with its advisory services.

Clients are always welcome to engage any other service providers of their choosing when it comes to their financial and investment needs.

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

A. CODE OF ETHICS

KRS Capital Management is committed to maintain compliance with federal and applicable state securities laws. Additionally, KRS Capital Management has a position of public trust and it is our goal to maintain that trust; provide excellent service, good investment performance; and advice that is suitable.

KRS Capital Management places great value on ethical conduct.

As a registered investment adviser, KRS Capital Management is a fiduciary to each and every client. As fiduciaries, investment advisers owe their clients several specific duties. According to the SEC an investment adviser's fiduciary duties include:

Providing advice that is suitable;

- Providing full disclosure of material facts and potential conflicts of interest (such that the client

has complete and honest disclosure in order to make an informed decision about services of the Adviser and about investment recommendations);

- The utmost and exclusive loyalty and good faith;
- Best execution of transactions under the available circumstances;
- The Adviser's reasonable care to avoid ever misleading clients;
- Only acting in the best interests of clients.

It is KRS Capital Management's policy to protect the interests of each of the Adviser's clients and to place the clients' interests first and foremost in each and every situation. KRS Capital Management will abide by honest and ethical business practices to include, but is not limited to:

- The Adviser will not induce trading in a client's account that is excessive in size or frequency in view of the financial resources and character of the account.
- The Adviser will make investment decisions with reasonable grounds to believe that the decisions are suitable for the client on the basis of information furnished by the customer and we will document suitability.
- The Adviser and Advisory Representative will not borrow money from clients.
- KRS Capital Management will not recommend the purchase of a security without the reasonable belief that the security is registered, or the security or transaction is exempt from registration in states where we provide investment advice and based upon information the Adviser receives.
- The Adviser will not recommend that the client place an order to purchase or sell a security through a broker/dealer or agent, or engage the services of a broker/dealer that is not licensed, based upon information available to the Adviser.

The staff of the Adviser will report all required personal securities transactions to Roger Steed, the Chief Compliance Officer of KRS Capital Management as required by securities rules and regulation.

All applicable securities' rules and regulations will be strictly enforced. KRS Capital Management does not permit and has instituted controls against insider trading.

An Advisory Representative or administrative personnel member who does not follow the Adviser's Code of Ethics or who in any way violates securities rules and regulations, or who fails to report known or suspected violations will be disciplined or terminated, depending upon severity. Such person could also face action by the SEC and/or state securities regulators.

Clients are welcome to request a copy of the Adviser's Code of Ethics by contacting the Adviser's office.

B. RECOMMENDATIONS INVOLVING MATERIAL FINANCIAL INTERESTS

KRS Capital Management does not recommend that clients buy or sell any security in which KRS Capital Management or its Advisory Representative, family, or household members has a material financial interest.

C. INVESTING PERSONAL MONEY IN THE SAME SECURITIES AS CLIENTS

KRS Capital Management and/or individuals associated with KRS Capital Management may have similar investment goals and objectives and as a result, the interests of the Adviser or related persons' accounts may coincide with (or be different from) the interests of clients' accounts. At no time will the Adviser or any related person receive an added benefit or advantage over a client with respect to these transactions. In every case, the interests of clients will always be placed ahead of the Adviser and its staff.

The Adviser has established written policies and procedures for staff persons who may invest personal monies. The Adviser prohibits insider trading and has established written policies and procedures pertaining to insider trading and other duties. All applicable securities rules and regulations are strictly enforced. The Chief Compliance Officer is in charge of monitoring the personal trading of the Adviser's personnel.

D. TRADING SECURITIES AT / AROUND THE SAME TIME AS CLIENTS

The Adviser has established written policies and procedures for staff persons ("access persons") who invest personal monies. KRS Capital Management and its Advisory Representative acknowledge the Adviser's fiduciary responsibility to place the investment needs of clients ahead of the Adviser and its access persons. The interests of clients are held in the highest regard. At no time will the Adviser or any related person receive an added benefit or advantage over clients with respect to these transactions.

Access persons of KRS Capital Management do not buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. Roger Steed, the Chief Compliance Officer of KRS Capital Management, is responsible for the monitoring of personal trading conducted by staff.

When the Adviser is purchasing or considering for purchase any security on behalf of a client, an access person of the Adviser may only effect a transaction in that security with prior written approval from the Adviser's Chief Compliance Officer. Similarly, when the Adviser is selling or considering the sale of any security on behalf of a client, no access person may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security without the written approval from the Chief Compliance Officer.

Item 12 Brokerage Practices

A. FACTORS USED TO SELECT CUSTODIANS AND/OR BROKER/DEALERS

Financial Planning Clients are welcome to utilize the service provider(s) of their choice and are welcome to implement recommendations in whole or in part, entirely at their discretion.

For its portfolio management services, KRS Capital Management typically recommends the services of Charles Schwab & Co., Inc. ("Schwab") for its advisory transactions. KRS Capital Management is a fee-only Investment Management firm and the Advisory Representative of KRS Capital Management are not registered representatives of Schwab, or any other broker/dealer.

KRS Capital Management participates in the Schwab Institutional ("SI") service program. Schwab Institutional provides back office and other services to independent investment advisers. The brokerage commissions and/or transaction fees charged by Schwab, or any other designated broker-dealer, are exclusive of and in addition to the Adviser's fee.

An Adviser's duty to provide best execution for its clients means that the Adviser must seek to execute client transactions so that the client's total cost or proceeds in each transaction is the most favorable under the circumstances, although the Adviser considers several factors in making this determination.

The Adviser believes that excellent customer service and trade execution available through its preferred services provider is superior to most non-service oriented and Internet-based brokers that may otherwise be available to the general public. The Adviser's recommended service provider features a broad line of products and services that are suitable to many types of investors with varying investable assets.

The Adviser recognizes its duty to obtain best price and execution for its clients under the circumstances available. The decision to utilize Schwab is based on a number of criteria which include: the product and management program offerings and execution services available. As previously noted, the Adviser believes this custodial firm provides excellent customer service to investors and to the Adviser. The Adviser also takes into consideration the following:

- Quality of overall execution services provided;
- Promptness of execution;
- Creditworthiness, financial condition, and business reputation;
- Research capability;
- Promptness and accuracy of reports on execution;
- Ability and willingness to correct errors, when appropriate;
- Promptness and accuracy of confirmation statements;
- Ability to access various market centers;
- Facilities and technology;
- The market where the security trades;
- Any expertise in executing trades for the particular type of security;
- Commission charged;
- Reliability;
- Ability to use ECNs to gain liquidity, price improvement, lower commission rates and anonymity; and
- Operational capabilities

Schwab is a large and sophisticated order sender. This custodial firm also enables the Adviser to obtain securities' executions at nominal transaction charges.

Trade commissions, generally zero at Schwab, paid by the Adviser's clients comply with the Adviser's duty to obtain "best execution." In seeking best execution, the determinative factor is not only the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including among others, the value of research provided, execution capability, commission rates, and responsiveness.

Advisory clients are welcome to evaluate service providers before opening an account since they are welcome to select their preferred firm. The Adviser has determined Schwab currently offers the best overall value to clients. The Adviser periodically reviews other alternatives that are available to the Adviser market.

1. RESEARCH AND OTHER BENEFITS

KRS Capital Management receives general research, management software and back-office administrative services from Schwab.

The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services pose a conflict of interest.

The Adviser receives from Schwab, without cost, computer software and related systems' support, which allow the Adviser to better monitor client accounts maintained at Schwab.

The software and related systems' support benefit the Adviser directly, and thus, its clients.

Additionally, the Adviser receives the following benefits from Schwab: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services SI participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

2. BROKERAGE FOR CLIENT REFERRALS

KRS Capital Management receives no referrals from a broker/dealer or any other third party in exchange for using that broker/dealer or third party.

3. CLIENTS DIRECTING WHICH BROKER/DEALER/CUSTODIAN TO USE

Clients are welcome to utilize the service provider of their choice, and in such cases, will direct the Adviser to use their firm of choice (via written direction). In such cases, the client will negotiate terms and arrangements for the account with that broker-dealer, and the Adviser will not seek better execution services or prices from other broker-dealers or be able to "batch" client transactions for execution through other broker-dealer(s) with orders for other accounts managed by the Adviser. As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, the Adviser may decline a client's request to direct brokerage if, in the Adviser's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

B. AGGREGATION (BLOCK) TRADING

KRS Capital Management generally does not block trade securities.

Clients are encouraged to discuss any questions that arise regarding investment policies throughout the course of their engagement.

Trade error policy: On rare occasions, trade errors may occur. In the event the Adviser is responsible for a trading error that results in a monetary loss to the client, and the Adviser will make the client whole.

Schwab's policy on trade errors is to reimburse clients for any loss if the amount is \$100 or less. If the loss is greater than \$100 the Adviser will reimburse the client for a loss. Conversely, if there is any gain from the trade error, Schwab retains that gain and it is a general policy to donate these error funds in accordance with their then current internal policy

Item 13 Review of Accounts

A. FREQUENCY AND NATURE OF PERIODIC REVIEWS AND WHO CONDUCTS THE REVIEWS

Investment Management Services KRS Capital Management's Investment Management Services involve continuous and ongoing services to include frequent monitoring and internal review of portfolio assets. The timing of reviews is guided by the client's stated objectives and the Adviser's discretion. The underlying assets of client portfolios are generally reviewed internally on at least a monthly or quarterly basis. However, reviews of underlying assets may occur as often as daily, with the frequency relative to the types of holdings. Individual portfolio reviews may also occur at the time of significant new deposits or withdrawals, during substantial changes in market conditions, at the Adviser's discretion, at a stated client's request, and/or according to an interval agreed upon at the time of engagement.

Reviews entail analysis of securities, asset allocation, sensitivity to various markets, investment results and other factors specific to each client.

KRS Capital Management requests that clients meet with the Adviser at least annually, but as previously noted, clients are obligated to immediately inform the Adviser of any changes in their financial, personal, or investment situation which could require an immediate review/revision of the client's investment plan.

Financial Planning Services are project based and automatically terminate upon the delivery of services. The financial planning advice provided can include the recommendation of follow-up services or annual reviews. The client is welcome to secure these additional services under a new or amended Agreement, if desired.

B. REVIEWERS

Reviews are conducted by Roger Steed, the Managing Member and Chief Compliance Officer of KRS Capital Management.

C. FACTORS THAT TRIGGER NON-PERIODIC REVIEWS OF CLIENT ACCOUNTS

The timing of Internal portfolio reviews is further guided by the underlying assets of the portfolio, individual circumstances as reasonably known by the Adviser, market conditions and the request of the client. Reviews may also be triggered by material market, economic or political events.

Reviews also are triggered by reported changes in the client's financial situation (which may include but are not limited to: termination of employment, physical relocation, inheritance or retirement).

D. CONTENT AND FREQUENCY OF REGULAR REPORTS PROVIDED

Clients can expect to receive confirmation statements from all transactions and monthly account statements directly from the custodial brokerage firm. Clients receive confirmation statements from all transactions and a monthly statement, directly from their custodian. The custodian's quarterly reports detail account value, net monthly change, portfolio holdings, and all account activity.

Item 14 Client Referrals and Other Compensation

A. ECONOMIC BENEFITS PROVIDED BY THIRD PARTIES FOR ADVICE RENDERED TO CLIENTS (INCLUDES SALES AWARDS OR OTHER PRIZES)

KRS Capital Management does not receive any economic benefit, directly or indirectly, from any third party in connection with advice rendered to KRS Capital Management clients.

B. COMPENSATION TO NON-ADVISORY PERSONNEL FOR CLIENT REFERRALS

KRS Capital Management does not directly or indirectly compensate any person who is not part of KRS Capital Management's advisory personnel in connection with advisory services.

Item 15 Custody

KRS Capital Management does not maintain physical possession of client accounts (funds or securities) that it manages. Custody of clients' accounts is held at Schwab or at other custodians of the clients' choosing. However, KRS Capital Management is considered to have limited custody of client accounts (funds or securities) because of its ability to deduct contractually agreed advisory fees with the client's authorization and established arrangements, called Standing Letters of Authorization ("SLOA"s), that allow the firm to transfer assets to third parties upon the written instruction of the client. Clients can expect to receive regular and customary account statements from the qualified custodian and should carefully review those statements. If clients find that statements are not being received directly, they must promptly contact KRS Capital Management and their custodial firm.

The Adviser does not accept fees in excess of \$500 or more for services to be performed more than six months in advance.

Item 16 Investment Discretion

Clients engaging the Adviser for Investment Management Services have the ability to leave standing instructions with the Adviser to refrain from investing in particular industries, invest in limited amounts of securities and to re-balance portfolios (also termed as "limited discretion").

With the client's authorization as provided in the custodial account forms and the Adviser's Client Agreement, KRS Capital Management will maintain limited discretionary trading authority to execute securities transactions in the investor's portfolio within investor's designated investment objectives, to include the securities to be bought and sold, and the amount of securities to be bought and sold. KRS Capital Management will never have full power of attorney nor will the Adviser ever have authority to withdraw funds or securities other than the ability to deduct advisory fees or what is permitted in the SLOAs via the investor's qualified custodian and only with client authorization.

Item 17 Voting Client Securities

Clients retain the authority to vote proxies. The Adviser requests that investors ensure that proxy ballots are mailed directly to them or to an authorized third party. The Adviser will not take action with respect to any securities or other investments that become the subject of any legal proceedings, including bankruptcies.

While KRS Capital Management does not vote proxies for clients, it is available to assist clients with questions and concerns relating to proxies as a value-added service. The Adviser does not engage in proxy-related discussions with non-clients and does not solicit proxies.

In the event KRS Capital Management's advice is solicited by its clients, the Adviser shall abide by the following conditions:

- KRS Capital Management will disclose any significant relationship with the issuer, its affiliates or a security holder proponent of the matter on which proxy voting advice is given, as well as any material interest of the Adviser and/or representatives have in the matter.
- The Adviser will not accept any form of special consideration from any person, other than the security holder recipient thereof, in exchange for furnishing voting advice, and;
- Voting advice will not be furnished on behalf of any person soliciting proxies, or on behalf of a participant in an election contest subject to SEC Rule 14a-11.
- KRS Capital Management shall not communicate with the press concerning a proxy.
- KRS Capital Management does not solicit proxies.

Deviations from these policies will result in a prompt amendment of this ADV 2 Brochure and may require KRS Capital Management to comply with SEC Proxy Registration Rules.

Item 18 Financial Information

A. BALANCE SHEET

KRS Capital Management does not require nor solicit prepayment of more than \$1200 in fees per client, six months or more in advance of services and therefore is not required to include a balance sheet with this brochure.

B. FINANCIAL CONDITIONS REASONABLY LIKELY TO IMPAIR THE ADVISER'S ABILITY TO MEET CONTRACTUAL COMMITMENTS TO CLIENTS

Neither KRS Capital Management nor its management have any financial conditions that are likely to reasonably impair the Adviser's ability to meet contractual commitments to clients.

C. BANKRUPTCY PETITIONS IN PREVIOUS TEN YEARS

KRS Capital Management has not been the subject of a bankruptcy petition in the last ten years.

Item 19 Requirements for State-Registered Advisers

We are a federally registered investment adviser; therefore, we are not required to respond to this item.