

Part 2A of Form ADV: Firm Brochure

Item 1 Cover Page

Grattan Financial Strategies, Inc.
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02/3/2016

This brochure provides information about the qualifications and business practices of Grattan Financial Strategies, Inc. (GFS, Inc.) If you have any questions about the contents of this brochure, please contact us at 626-451-0840 or 800-450-0840 or grattan@bbgrahamco.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 Grattan Financial Strategies, Inc. also is available on the SEC's website at www.advisorinfo.sec.gov.

Registration with the Securities and Exchange Commission does not imply a certain level of skill or training.

Item 2 Material Changes:

Grattan Financial Strategies, Inc. has not experienced material changes in structure nor philosophy since the last annual update. Because of current direction from SEC, the format, under which this brochure is presented has changed.

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Item 4 **Advisory Business**

1. Advisory Services and Fees.

A. Grattan Financial Strategies, Inc. was incorporated in the state of California in December 1989. GFS, Inc. is privately owned.

1. Georgene M. Grattan President and CEO of GFS, Inc. and 51% shareholder. Chris M. Grattan, Executive Vice President and 25% shareholder in GFS, Inc. Daniel V. Grattan, Vice President of Technology, CCO and 24% shareholder in GFS, Inc.
2. All of the above are officers and directors in the company.
3. Georgene M. Grattan: Date of Birth 08/16/1939
Formal Education: University of Detroit 1957-1961 Accounting and Marketing , Siena Heights College: Business Administration, College of Financial Planning, Certified Financial Planner (CFP).
Business Background: Confidential Management Services, Director of Operations, UCLA Instructor in TAX for CFP applicants. B.B. Graham & Company, Registered Representative, Registered Options Principal, Registered Financial and Operations Principal, Grattan Financial Strategies, Inc. President and CEO.

Chris M. Grattan: Date of Birth 12/20/1964

Formal Education: Faith Tech: Ministry, Pasadena City College, Investment Management
Business Background: General Motors/Computer Tech, CAD/CAM, B.B. Graham & company Registered Representative, Grattan Financial Strategies, Inc. Executive Vice President and Senior Portfolio Manager.

Daniel V. Grattan: Date of Birth 03/13/1961

Formal Education: Oakland University, Business Management
Business Background: General Motors, Computer Drafting, Meritor, Manager Computer Systems, B.B. Graham & Company, Registered Representative, Registered Principal, Grattan Financial Strategies, Inc. Vice President of Technology and Account and Client Management..

B. Services: Grattan Financial Strategies, Inc. :

These services include Asset Reporting, Technical Market Management and Strategic Asset Management. In addition, GFS, Inc. provides:

- Comprehensive Financial Planning including Retirement Planning and Individual Needs analysis to address a specific concern.
- Other services include Strategic Business Planning and Management.

Whether it is an individual, an entrepreneur or a corporation, the services of GFS, Inc. are structured to address the circumstances, risk tolerance, goals, needs, and time horizon for that client.

C. Individual Needs Analysis: includes such areas as College Planning, Estate Planning, Tax Analysis, Wealth Accumulation and Retirement Planning.

When a client employs GFS, Inc. for the completion of a Comprehensive Plan, the plan will generally include an analysis of current financial circumstances to identify alternative strategies and assist the client in establishing an implementation schedule. The Plan will typically examine and evaluate securities, other assets, employee benefits, gift and estate tax consequences, income tax and risk management.

Clients may impose restrictions on investing in certain securities or types of securities (i.e. to avoid particular industries such as tobacco or alcohol).

Grattan Financial Strategies, Inc. directs clients in the following investment vehicles:

- Equity securities: exchange-listed securities, securities traded over-the-counter,
- Corporate debt securities (Other than commercial paper), Certifications of deposit, Municipal securities
- Investment company securities: life insurance, variable annuities, mutual fund shares
- United States government securities.

Grattan Financial Strategies, Inc. does not engage in the sale of Option Contracts, Future Contracts or Interests in Limited Partnerships.

D. The Management of Non-Wrap and Wrap Accounts:

“Non-Wrap Accounts”: While these accounts are monitored, they are not actively managed by GFS, Inc. Review is limited since these positions are viewed as long term. However, accounts are reviewed regularly in light of industry and economic conditions to determine appropriate strategies. Chris M. Grattan is the main contact for these accounts and is generally responsible for the activity in all non-wrap accounts. Daniel V. Grattan is aware and informed regarding the status and is involved in the production of reports for client accounts. Triggering events are world events, economic conditions, personal client decisions and other industry changes.

“Wrap Accounts”: Client account allocations reflect recommendations developed through a Financial Plan or analysis. These results and following recommendations are discussed and if/when agreed upon by all parties are then implemented. Re-allocations are based on a series of factors including but not limited to: industry changes, economic conditions, client’s personal situation and market momentum. These accounts are reviewed regularly and reported quarterly. Chris, Dan and Georgene are all involved in the management and reporting of these accounts.

E. Amount of assets managed.

Total Assets under Management: \$160,854,882 As of 12/31/2015

Discretionary and Non-Discretionary Accounts: In the Advisory Firm of Grattan Financial Strategies, Inc., all managed accounts are considered discretionary.

Item 5 Fees and Compensation

- A. The Registrant manages individual advisory accounts as a percentage of assets under management on a sliding scale of 1.25% to .50%. Fees are not billed in advance and can be negotiated depending on the size of the account and other specific circumstances.
- B. Generally fees for services are deducted from the client account. The client may instead pay the fee directly if the client chooses. Fees are calculated and deducted after each quarter has ended.
- C. Advisors of GFS, Inc. may provide advice on an hourly basis for a fee. These fees can be billed at a minimum of \$150.00 per hour and can be negotiated dependent on the complexity of the issue. Fees are payable after the services are rendered. A refund could be given for any unused portion of the billed service if a request is submitted in writing within thirty (30) days of the prior billing cycle.

GFS, Inc. facilitates securities transactions for negotiated fees which may or may not involve a formal financial plan. Fees for services not used will be returned upon receipt of a formal written request from the client.

From time to time, GFS, Inc. consults with business clients regarding insurance and other business matters. Compensation is determined by commissions and insurance premiums earned. Compensation through Insurance companies is generally not negotiable. However, the most competitive prices are sought to facilitate the client’s goals. Services are not billed in advance. Refunds for unused services can be obtained by written request if received within thirty (30) days of contract services.

From time to time calculations will be made for clients involving Required Minimum Distributions (RMD) and other incidental matters. Clients are not generally billed for these services.

Clients of GFS, Inc. are reviewed through the Financial Planning and Retirement Planning software and process to determine client goals and objectives, time line, risk tolerance and total needs. Recommendations are then formulated for direction of financial assets and other issues of client concerns.

GFS, Inc.: Comprehensive planning is offered along with individual needs analysis and are completed at the request of the client. The fees for these services are generally \$500.00 - \$2,000.00 and are dependent on the complexity of the issues to be addressed. These fees are negotiable and can be waived if continuing services are requested and

performed for the client through a relationship of Asset Management, Asset Reporting or other services involving fees related to percentage of assets under management or other commissions generated by the client investment decisions. Fees for Financial and Retirement Planning are billed after service is rendered.

Asset Management Fees are calculated on a sliding scale from 1.25% down to .50% depending on the size of the account and are negotiable. These fees are billed quarterly and are not charged in advance.

Non-Wrap Accounts can generate fees for GFS, Inc. in the form of 12 (b)1 trails. This will generally occur when an account is transferred in from another firm and "A" shares had been purchased in that account. For A shares that would be (est.) .25% or 1/4 of one percent. When "B" or "C" shares are held in an account, that could represent .50% - .75% or 1/2 to 3/4 of one percent.

Wrap Accounts are charged as indicated above under Asset Management Fees. (e.g. a \$50,000.00 account would be 1.25% or \$625.00 per year or \$156.25 each quarter).

D. The managed clients of GFS, Inc. are not charged in advance for fees.

E. When GFS, Inc. invests client funds in shares of investment companies, in addition to the fee charged by Registrant, the client will also pay investment management fees or other fund operating expenses directly to the mutual fund.

When GFS, Inc. recommends mutual funds to Advisory Clients, no-load funds will be recommended. If "A" shares are purchased in a client account, they are purchased at NAV.

While most fees are assumed by the advisor, some incidental fees can be experienced by the client in some transactions for the buying and selling of certain positions, (e.g. Custodial Fees on IRA Accounts, wiring fees, overnight fees or small transaction fees.) These fees are disclosed to the client through the reporting to the client by RBC Dain Capital Markets.

As was previously disclosed there may be minor fees for securities processing.

Item 6 Performance Based Fees

Neither the advisory firm of Grattan Financial Strategies, Inc. nor any person within Grattan Financial Strategies, Inc. is paid a performance-based fee.

Item 7 Types of Clients

Grattan Financial Strategies, Inc. generally provides investment advice to:

- Individuals.
- Pension and profit sharing plans including 401-K plans.
- Trusts, estates and charitable organizations.
- Corporations and other business entities e.g. partnerships.

There are no minimum requirements for opening or maintaining a managed account with GFS, Inc.

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

Securities Analysis methods include:

- Charting
- Fundamental
- Technical

The Main sources of Information:

- Financial Newspapers and magazines such as Wall Street Journal, Steele Systems, S & P Reports.
- Research materials prepared by others and those available for the industry and general public through the internet.
- Corporate Rating services.
- Annual Reports, prospectuses, and filings with the Securities and Exchange Commission.
- Company press releases.
- RBC Dain Capital Markets.

Investment Strategies:

- Long Term Purchases (securities held at least one year)
- Short Term Purchases (securities sold within a year)
- The Advisory Service of GFS, Inc. is not involved in:
 - a. margin accounts
 - b. short sales
 - c. Option writing, covered or uncovered, or other spreading strategies.

Risk of Loss:

Individual Securities: volatility and price fluctuation risk with equities and individual bonds.

Mutual Funds: Primarily held as a long term investment (3-5 years) Risk inherent in economic news both foreign and domestic. No-load funds help to mitigate this risk with the ability to move freely between funds without commission costs.

Variable Annuities: Most have limited liquidity due to surrender charges. Wide Selection of portfolios within the annuity allows for various allocation based on client risk and time frame.

Risk and costs associated with above strategies are disclosed and discussed with clients to inform them and help with their understanding of the risk and to prepare them to bear any loss associated with investing in above agreed upon strategies.

Decisions regarding the purchase or sale of individual positions along with mutual funds and variable annuity products are reached by research services available for the industry and general public through the internet. RBC Dain Capital Markets provides assistance in these matters along with research and studies produced by such references as Wall Street Journal, Steele Systems, S & P Reports and other business journals and publications. Accounts are reviewed and managed primarily by Chris M. Grattan with concurrence with the other members of GFS, Inc. Management team. Tools and Techniques utilized in this decision process are technical analysis with reference to charts and graphs developed by the industry and internally by members of the advisory team.

Item 9 Disciplinary Information

Regulatory event C02050039

SRO: NASD

Resolution Date 5/18/2005

In the 1990's a representative Pamela Wilson who was in an office of Grattan Financial Securities, Inc.* had a consulting arrangement with a Mr. Raymond Kotrozo. Unknown to Grattan Financial, Mr. Kotrozo had prior history with regulatory bodies. Because of Ms. Wilson's relationship with Mr. Kotrozo, (the unlicensed consultant in her office) and Mrs. Wilson's relationship with Grattan Financial, this was reported on Georgene M. Grattan's U-4 as a matter of supervisory responsibility. Georgene M. Grattan was suspended for a period of 45 days in the capacity of General Securities Principal with the ability to retake the Series 24 at any time in the future. In addition a monetary fine of \$20,000 was imposed. Acceptance, Waiver and Consent (AWC) was signed 03/09/05. Accepted by the NASD 05/18/05. Payment in full was made.

*During this time there were two separate companies:

- Grattan Financial Securities, Inc. A Broker Dealer (closed in 2004)
- Grattan Financial Strategies, Inc. a Registered Advisory firm

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

A. Neither GFS, Inc. nor members of the GFS, Inc. management team are registered as a Broker Dealer or have a registration pending to become a broker dealer. Georgene, Daniel and Chris Grattan are registered representatives of B.B. Graham & Co. (Broker/Dealer).

B. Neither GFS, Inc. nor members of the GFS, Inc. management team are registered nor have an application pending to become a futures commission merchant, commodity pool operator, a commodity trading advisor or an associated person of the foregoing entities.

C. As a Certified Financial Planner (CFP), Georgene M. Grattan directs clients of the Advisory firm of Grattan Financial Strategies, Inc. through the completion of a financial review. This may take the form of a comprehensive financial plan or shorter form as the need of the client dictates. As a licensed insurance agent, she also will present illustrations and recommendations for insurance coverage for the clients of Grattan Financial Strategies, Inc. Through the California Department of Insurance, (dba) Grattan Financial and Insurance Services, Inc. may be involved in this procedure. The most competitive prices are sought to facilitate the client's goals.

GFS, Inc. may from time to time recommend other advisers or other professional consultants for the clients of GFS, Inc. GFS, Inc. does not receive compensation directly or indirectly from those advisors.

Item 11 **Code of Ethics:**

A. In compliance with Section 204-A and Rule 204A-1 of the Investment Advisors Act of 1940, GFS, Inc. has established and will enforce the following written code of ethics which sets forth standard policy and procedures relating to personal securities transactions that fits the structure and the size of GFS, Inc. and its personnel.

1. Identification of "access persons". GFS, Inc. has identified three (3) "access persons" who have access to non-public information regarding client transactions or holdings of certain clients, make securities recommendations to clients and have access to such recommendations. The following officers and directors are Georgene M. Grattan, Chris M. Grattan, Daniel V. Grattan.
2. The Ethical Code within GFS, Inc. encourages and insists on ethical conduct premised on the fundamental principles of openness, integrity, honesty and trust. The GFS, Inc. code conveys to all within the organization, the value the advisory firm places on ethical conduct and challenges all within the organization to live up not only to the letter of the law but also to the ideals of the organization.
3. The Chief Compliance Officer: Daniel V. Grattan
4. Access Persons must remain aware of the adviser's fiduciary obligations regarding the misuse of non-public information. GFS, Inc. currently maintains all client files and information in file cabinets in the office. All client information is filed as soon as practical in these files and is accessed only by authorized personnel. Copies of duplicate reports and/or statements are shredded on site or under supervision at a local shredding company.
5. Access Persons must report personal securities transactions and holdings periodically.
6. Reporting of personal securities transactions: Rule 204A-1 permits three exceptions to personal securities reporting. No reports are required:
 - i. With respect to transactions effected pursuant to an automatic investment plan.
 - ii. With respect to securities held in accounts over which the access person had no direct or indirect influence or control.
 - iii. In the case of an advisory firm that has only one access person, (GFS, Inc. has currently three access persons) so long as GFS, Inc. maintains records of the holdings and transactions that rule 204A-1 would otherwise require to be reported.

7. GFS, Inc. Standards of Conduct and Compliance with Laws:
While this provision may cover issues not present at GFS, Inc. they are stated here to comply with the standard and in the event that the issue emerges in the future.
 - i. Maintain lists of issuers of securities that the advisory firm is analyzing or recommending for client transactions, and prohibitions on personal trading in securities of those issuers.
 - ii. Maintain “restricted lists” of issuers about which the advisory firm has inside information, and prohibitions on any trading (personal or for clients) in securities of those issuers.
 - iii. “Blackout periods” when client securities trades are being placed or recommendations are being made and access persons are not permitted to place personal securities transactions
 - iv. Reminders that investment opportunities must be offered first to clients before the advisor or its employees may act on them, and procedures to implement this principle. The current procedure is set to pre-approval by at least one other access person before the trade can be completed to insure compliance with the rule.
 - v. Requirements to trade only through certain brokers, or limitations on the number of brokerage accounts permitted: Currently trades are completed by Daniel V. Grattan or in his absence Chris M. Grattan or Georgene M. Grattan through our Broker Dealer affiliation and RBC Dain Capital Markets. Currently we are not aware of any limitation on the number of brokerage accounts permitted by B. B. Graham or RBC Dain Capital Market operations.
 - vi. Requirements to provide GFS, Inc. with duplicate trade confirmations and account statements. Trade Confirmations and account statements are available on-line through our affiliation with RBC Dain Capital Market’s client access program.
 - vii. The procedure for assigning new securities analyses to employees whose personal holdings do not present apparent conflicts of interest is as follows: In respect to the size of GFS, Inc. and in the event this issue arises, disclosure will be made to the client of any apparent or perceived conflict and discussion to complete the transaction with another independent firm if the client wishes to pursue the transaction totally separate from GFS, Inc. and it’s related services.
 - viii. Prior written approval before access persons can place a personal securities transaction: GFS, Inc. does not require prior written approval. All trades are entered and therefore reviewed by CCO. However, in his absence the other access persons of the firm are to be aware that the trade is considered before the trade is processed to insure compliance consistent with client opportunities and benefits.
8. Reportable Securities: Rule 204A-1 treats all securities as reportable securities with five exceptions.
 - i. Transactions and holdings in direct obligations of the Government of the United States.
 - ii. Money market instruments-bankers acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments.
 - iii. Shares of money market funds.
 - iv. Transactions and holdings in shares of other types of mutual funds. (GFS, Inc. does not act as the investment adviser or principal underwriter for any mutual fund)
 - v. Transactions in units of a unit investment trust if the unit investment trust is invested exclusively in unaffiliated mutual funds.The rule thus requires GFS, Inc. access persons to report shares of mutual funds advised by the

	<p>firm's access persons and designed to help GFS, Inc. as the adviser identify abusive trading by personnel with access to information about a mutual fund's portfolio.</p> <p>9. Initial Public Offerings and Private Placements: Currently GFS, Inc. does not participate in IPO's or Private Placements. Should the occasion arise, the access person must obtain approval from the other two access persons. The question should be resolved as to whether the access person is misappropriating an investment opportunity that should first be offered to eligible clients.</p> <p>10. Reporting Violations: GFS, Inc. code requires prompt internal reporting of any violations of the code. Violation must be reported to the chief compliance officer (Daniel V. Grattan). The atmosphere at GFS, Inc. has been created to encourage compliance with the code among the three members of the staff.</p> <p>11. Education about Code of Ethics: Chief Compliance Officer will make a copy of the Code of Ethics available to the access persons of the firm. The code requires each supervised person to acknowledge, in writing, his receipt of the copy of the code. While it is not required nor mandated by the code that access personnel <u>certify</u> that they have read and understood the code of ethics, regular review of the code is recommended as a means of maintaining corporate ethic compliance and all are reminded of their obligations under the code, to read and clarify any questions regarding the requirements of the corporate code.</p> <p>12. GFS, Inc. will describe its code of ethics to clients, and upon request, will furnish clients with a copy of the code of Ethics.</p>
B.	Neither GFS, Inc. nor any related person buys securities from or sells securities to clients in which GFS, Inc. or a related person has a material financial interest.
C.	Officers may from time to time purchase the same securities it has recommended to the clients of the firm. Procedures in place (Refer to above Code of Ethics) assure the best interest and best execution of client transactions. No trades for GFS, Inc. advisors will be placed ahead of client trades to knowingly receive a better price or execution. Daily trades are reviewed and signed by a principal of the firm to assure compliance.
D.	Since officers may from time to time purchase the same securities it has recommended to the clients of the firm a conflict of interest could arise. Procedures in place (Refer to above Code of Ethics) assure the best interest and best execution of client transactions. Daily trades are reviewed and signed by a principal of the firm to assure compliance
Item 12 Brokerage Practices	
A.	<p>GFS, Inc. utilizes only B.B. Graham & Company as its Broker Dealer</p> <ol style="list-style-type: none"> 1. <u>Research and other soft Dollar Benefits</u>: Grattan Financial Strategies, Inc. <u>does not</u> receive Research or other Soft Dollar Benefits. 2. <u>Brokerage for Client Referrals</u>: Grattan Financial Strategies, Inc. <u>does not</u> receive referrals from B.B. Graham & Company or a third party. 3. <u>Directed Brokerage</u>: . Georgene M. Grattan, Chris M. Grattan, and Daniel V. Grattan are licensed through B.B. Graham & Company. Grattan Financial Strategies, Inc. executes trades exclusively through B.B. ' Graham & Company required through licensing agreement and compliance and because of convenience and related costs.
<p>The client has the expressed right to negotiate and complete trades based on the advice of GFS, Inc. wherever they wish. They are advised of their ability to transact business of selling or buying securities through a different relationship other than GFS, INC. and RBC Dain Capital Markets.</p>	
Item 13 Review of Accounts	
A.	Client accounts are reviewed on a regular basis by members of the GFS, Inc. asset management team consisting

of Georgene M. Grattan, Chris M. Grattan and Daniel V. Grattan. Review and monitoring is conducted regularly and in line with the structure and agreement of the client contract. Individual stock accounts are monitored more closely than mutual funds precisely because of the structure of the investment vehicle.

- B. Triggering events can take the form of economic news, industry news and changes in world events, personal client factors, and the general nature of business and political changes and events.
- C. Reporting on the accounts is communicated with a written report on a quarterly basis or more frequently if requested by the client or one of their other advisors.

Item 14 Client Referrals and Other Compensation

- A. Grattan Financial Strategies, Inc. does not receive economic benefit from someone who is not a client for providing investment advice or other advisory services.
- B. Grattan Financial Strategies, Inc. Does not directly or indirectly receive compensation from or compensate any person for referrals in the form of economic benefits or other form of reward.

Item 15 Custody

Grattan Financial Strategies, Inc. Does not have custody of client funds or client securities.

Item 16 Investment Discretion

The Registrant has discretion over the buying and selling of securities in client managed accounts. Clients may impose restrictions on investing in certain securities or types of securities. Clients requesting Advisory Services of Grattan Financial Strategies, Inc. are required to sign a contract for these services giving Grattan Financial Strategies, Inc. the authority to manage the assets in the account with discretion.

Item 17 Voting Client Securities

Neither Grattan Financial Strategies, Inc. nor members of its staff accepts authority to vote client securities.

Item 18 Financial Information

- A. Grattan Financial Strategies, Inc. does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore a balance sheet is not submitted.
- B. Grattan Financial Strategies, Inc. does not have any financial condition that is reasonably likely to impair its ability to meet contractual commitments to advisory clients.
- C. Grattan Financial Strategies, Inc. is not now, nor has it been at any time in the past, the subject of a bankruptcy petition.



