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This brochure provides information about the qualifications and business practices of Stranberg Capital. If you have any questions about the contents of this brochure, please contact us. 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.

Registration as an investment adviser does not imply a certain level of skill or training. Additional information about Stranberg Capital also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Click on the "Investment Adviser Search" link and then search for "Investment Adviser Firm" using the firm's IARD number, which is 114581

## Item 2 Material Changes

There have been no material changes since the last annual update dated 3/13/2012. For future filings, this section of the brochure may address only those material changes that have occurred since the firm's last annual update.

The firm may at any time update this document and either send a copy of its updated brochure or provide you with a summary of material changes and offer to send an updated brochure electronically or by hard copy. This brochure can be downloaded from the SEC's website: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or you may contact our firm to request a copy at any time.

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#### Item 4.A. Advisory Business

Stranberg Capital LLC (Adviser/Firm) is a Texas Limited Liability Company formed in 1999. The firm has been rendering investment advisory service since its formation. The firm is solely owned and operated by Mr. Peter S. Stranberg. Stranberg Capital is built around the eclectic skill set of Mr. Stranberg...skills derived from high levels of academic training and professional experiences in trading, investment banking, private equity and, since 1999, manage other people's money...analytical skills pertaining to security valuation and capital markets, more esoteric analytical skills involving mathematics, macroeconomics and financial theory (especially Modern Portfolio Theory). Additional information about Mr. Stranberg may be found in Item 19 of this brochure.

#### Item 4.B.

Stranberg Capital is an "Advisory Business" in the sense that the firm will direct, in firm's sole discretion and without first consulting Client, the investment and reinvestment of the assets in the Client's account(s) in securities, cash or cash equivalents (noted in Item 8). Services are provided under a discretionary agreement (defined in Item 16).

In practice, Stranberg Capital builds and manages portfolios. The firm will continuously monitor Clients' accounts and make trades according to the judgment of the firm. Stranberg Capital is totally transparent and Clients may view their accounts on the web at any time. And Clients may terminate the relationship at any time at no charge.

#### Item 4.C.

As a fiduciary, Stranberg Capital puts itself in the shoes of its Clients; and given their stage in the life cycle, invests the way they'd invest if they knew what the fiduciary knows. Tailoring is not done. Clients may not impose restrictions on investing activities; although Client agrees to keep Adviser informed as to Client's financial circumstances. It is very important that Client keep Stranberg Capital informed of any significant changes that may call for a change in the direction of Client portfolios, such as job change, marriage, divorce, etc. Adviser's authority will remain in effect until terminated by either party. Stranberg Capital imposes no termination fees.

Stranberg Capital will only accept Clients who desire that their funds be managed as though (1) the funds represent substantially all of the financial assets Client possesses, and (2) the sole objective is to supplement Clients' retirement income. However, The Texas State Securities Board requires that the following information be on file, and therefore will be obtained at the time accounts are opened: (1) annual income, (2) net worth, excluding the value of the Client's primary residence, (3) investment objectives and (4) risk tolerance.

#### Item 4.E.

As of December 10, 2012, Stranberg Capital manages approximately \$40,000,000; all on a completely discretionary basis.

#### Item 5.A. Fees and Compensation

Compensation is derived solely from fees which are disclosed fully via billing. Billing is done quarterly in arrears. The quarterly billing results in fees being extracted from Client Accounts. The fee on stocks is 1%. The fee on mutual funds and bonds is ¼ of 1%. Fees are lower for multi-million dollar accounts and negotiable. Mutual funds have additional fees imbedded in them as well. These fees can be found in each mutual funds' prospectus. Stranberg Capital receives none of these imbedded fees and has no motivation other than to reduce these fees.

#### Item 5.B.

Billing for the fees earned by Stranberg Capital is done quarterly and in arrears. The withdrawal from Client accounts of Stranberg Capital's fees will be accomplished by Stranberg Capital's custodian, not by our firm, and the custodian will then remit the management fees directly to our firm. See Item 15 for more on the custodian.

#### Item 5.C.

Any transactional or service fees (sometimes termed brokerage fees) assessed by a selected service provider (e.g. a custodian), individual retirement account fees, qualified retirement plan or account termination fees will be borne by the accountholder and are per those provided in current, separate fee schedules of the selected service provider. We will ensure you receive a copy of the custodian's fee schedule at the beginning of the engagement, and you will be notified of any future changes to these fees by the custodian of record and/or third party administrator for certain tax-qualified plans.

Fees paid by our Clients to our firm for our advisory services are separate from any transaction charges a client may pay, as well as those for mutual funds, exchange-traded funds, or other similar investments.

#### Item 5.D.

Either party may terminate the agreement at any time. Stranberg Capital does not impose termination fees.

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

Stranberg Capital's fees will not be based on a share of capital gains nor capital appreciation (growth) of any portion of managed funds, also known as "performance-based fees." Performance-based compensation creates incentives to take ill-advised risks. We do not use a performance-based fee structure because of the conflict of interest this type of fee structure poses.

Our fees will not be based on side-by-side management, which refers to a firm simultaneously managing accounts that do pay performance-based fees (such as a hedge fund) and those that do not. This type of arrangement, and the conflict of interest it may pose, does not conform to our firm's practices.

#### Item 7. Types of Clients

Advisory services are offered to individuals, high net worth individuals, retirement plans, trusts or estates and small businesses.

Generally the firm's minimum account size is \$500,000. The firm reserves the right to waive or reduce account-size restrictions. We also reserve the right to decline services to any prospective client for any non-discriminatory reason.

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

Methods used by Stranberg Capital match the eclectic skill set of Mr. Stranberg. The intent is to invest efficiently...to maximize expected risk-adjusted returns given the risk tolerance of the client. A subset of financial theory known as Modern Portfolio Theory plays a large part. In essence, high levels of diversification will always apply. In addition, the intent is to be overweight areas of the markets that are cheap and underweight areas that are expensive; and to take more risk when risk is being well-rewarded and less risk when risk is being under-rewarded. Fundamental analysis is used throughout; from macro to micro; from analysis of economic growth conditions, interest rates, inflation, etc., to analysis of industries, companies, individual securities, etc. The analytical domain primarily includes the financial press, information provided by issuers of securities and research provided by the largest investment banks.

Expected risk-adjusted returns are just that: expected. Investing in securities involves risk of loss. In the immortal words of Alan "Ace" Greenberg after Black Monday in 1987 when the stock market dropped over 20%..."stocks fluctuate." The value of stocks and bonds typically aren't as volatile as their prices. Values depend greatly on micro, or in other words, idiosyncratic variables like sales and earnings; and macro variables such as government/regulatory policy in the US and abroad, interest rates, inflation levels, currency exchange rates, etc.

Active trading, day trading, etc. are not done, although portfolio shifts can result in a large number of trades in a short period of time.

Risk factors are numerous. Over short periods of time, prices of securities can fluctuate, at times wildly, because of supply and demand imbalances, i.e. a lot of sellers or buyers. Prices of securities also fluctuate due to fundamental risks relating to the earnings power and debt service capabilities of companies, and, in general, interest rates. In well diversified portfolios, which will always apply at Stranberg Capital, the risks that are paramount over the long term are macro in nature and include government/regulatory policy in the US and abroad, interest rates, inflation levels, currency exchange rates, demographic changes, military conflicts, climate-related risks, political unrest, etc.

#### Item 9. Disciplinary Information

Neither Mr. Stranberg nor the firm have been involved in a material criminal, or civil action, in a domestic, foreign or military jurisdiction, an administrative enforcement action, or self-regulatory organization proceeding that would reflect poorly upon our firm's advisory business or the integrity of our firm.

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

Not Applicable.

#### Item 11.A. Code of Ethics

Stranberg Capital does not have a code of ethics.

#### Item 11.B.

Mr. Stranberg doesn't buy or sell securities from or to Clients. As new Clients' portfolios are brought into alignment with long-standing clients, including Mr. Stranberg, securities will be purchased on the open market that are already held by Mr. Stranberg. The effect on the price of these securities as a result of these purchases is immaterial.

#### Item 11.C.

Mr. Stranberg and all Stranberg Capital Clients invest in virtually the same securities. Mr. Stranberg is treated like "just another client" 10 years or so from retirement. Note that smaller accounts, e.g. custodial accounts of the children of Clients, use index funds in lieu of individual stocks and bond funds in lieu of individual bonds.

#### Item 11.D.

Conflicts of interest are avoided by using batch orders, whereby each Client, including Mr. Stranberg, receives the same price. Stranberg Capital's size precludes it from affecting markets except in small capitalization stocks or in cases of extremely illiquid markets. In these cases, so called "front running" would be possible whereby, for example, Mr. Stranberg bought his position, then pushed the price up by then buying Clients' positions. If cases such as these arise, not only will impropriety be avoided, the appearance of impropriety will be avoided as well.

#### Item 12. Brokerage Practices

Stranberg Capital uses Charles Schwab ("Schwab") in various capacities...as broker-dealer, as custodian, as record-keeper. This can be confusing as it might appear to those unfamiliar with the industry that Mr. Stranberg works for Schwab. This is not the case. In fact, the opposite is the case. Start with the basic equation...returns on invested assets, minus commissions and fees, equals returns achieved by the investor. Given that Stranberg Capital's fees equal a percentage of assets, and given that Schwab is on the receiving end of commissions and fees, one of Stranberg Capital's objectives is to reduce the commissions and fees received by Schwab.

Note that Schwab has a "retail" division that solicits the business of "mom and pop" customers including those that are clients of Stranberg Capital. Schwab's basic theme is much like the rest of the brokerage and investment management communities and is embodied by their basic pitch..."you, irrespective of your background and skills, with the help of your trusty broker or adviser will do just great." Stranberg Capital's response is...no you won't. Schwab also has an "institutional" division that essentially provides a trading platform and back office support to investment management companies. It

is with the institutional division that Stranberg Capital has a relationship. The services provided to Stranberg Capital by Schwab have become commoditized, i.e. Schwab could easily be replaced.

Further, Stranberg Capital, nor its management, is or has a material relationship with any of the following types of entities:

- Municipal securities dealer, or government securities dealer or broker;
- Banking or thrift institution;
- Lawyer of law firm;
- Accountant or accounting firm;
- Real estate broker or dealer;
- Pension consultant;
- Sponsor or syndicator of limited partnerships; or
- Investment company or other pooled investment vehicle (including mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund

### **Factors Used to Select Broker-Dealers for Client Transactions**

Stranberg Capital does not maintain physical custody of your assets (see item 15). Your account must be maintained by a qualified custodian (generally a broker/dealer, bank or trust company) that is frequently reviewed for its capabilities to serve in that capacity by their respective industry regulatory authority.

Our firm is not a custodian nor is there an affiliate that is a custodian. Stranberg Capital requires Clients use the services of Schwab, a FINRA and SIPC member, and a SEC-registered broker/dealer. Our firm is independently owned and operated; it is not affiliated with Schwab. You will open your account with Schwab by entering into an account agreement directly with them. We do not technically open the account for you, although we will assist you in doing so.

Schwab offers independent investment advisers various services which include custody of client assets, trade execution, clearance and settlement, etc.

We periodically conduct an assessment of any service provider we use (including Schwab) which generally involves a review of their range and quality of services, reasonableness of fees, among other items, and in comparison to their industry peers.

### **Best Execution**

“Best execution” means the most favorable terms for a transaction based on all relevant factors, including those listed in the paragraph title *Factors Used to Select Broker-Dealers for Client Transactions* and within Item 14. We recognize our obligation in seeking best execution for our clients, however, it is our belief that the determinative factor is not always the lowest possible cost but whether the selected service provider’s transactions represent the best “qualitative execution” while taking into consideration the full range of services provided. Therefore, we will seek services involving competitive rates but it may not necessarily correlate into the lowest possible rate for each transaction.



We have determined that having our firm's trades executed through Schwab are consistent with our duty to seek best execution of your trades. We also periodically review policies regarding our recommending custodians to our clients in light of our duty to seek beset execution.

### **Directed Brokerage**

We do not engage in directed brokerage involving our client's accounts. Pursuant to both our and our custodian's obligation of best execution, we will decline a request to direct brokerage if it is believed the directed brokerage arrangement would result in additional operational difficulties or risk to our firms.

### **Aggregating Securities Transactions**

Trade aggregation involves the purchase or sale of the same security for several clients/accounts at approximately the same time, and may also be termed "blocked," "bunched" or "batched" orders. Aggregated orders are typically effected in an attempt to obtain better execution, negotiate favorable transaction rates, or to allocate equitably amongst multiple client accounts should there be difference in prices, brokerage commissions or other transaction costs that might otherwise be unobtainable through separately placed orders.

Due to the type of account authority Stranberg Capital has over clients' portfolios (see Item 16), transactions can be independently executed. Subsequently, an account may potentially be assessed higher costs or less favorable prices than those of an account that is aggregated. Stranberg Capital reviews its trading processes on a periodic basis to ensure they remain within stated policies and regulation. We will inform you, in advance, should trading practices change at any point in the future.

### **Item 13.A. Review of Accounts**

Portfolios are continually reviewed by Mr. Stranberg.

Portfolio Theory, or in other words portfolio mechanics, is at the core of Stranberg Capital. A quarterly bill/mailling to clients broached this subject. The following, most of which is not time dependent, is an excerpt from this 3Q2011 mailing:

Modern Portfolio Theory (MPT), or at least some of its concepts, plays a big part at Stranberg Capital. It's not modern. A Nobel went to the guy who invented it 50 years ago. MPT is complex, boring, and poison to carnival barkers in the financial news and brokerage industries, so you don't hear much about it. MPT basically says that what's important is the portfolio as a whole; that analyzing individual securities in isolation misses the point; that what really matters about any one security is how it performs in the context of a portfolio. For illustration...G is a gold option and B is a bond option. Let's say a genie tells me that in a year, either (1) G will triple in price and B will go to 0 or (2) G will go to 0 and B will triple. Without a sense for MPT (or with incentives to swing for the fences), I'd think about Monetary Policy...too much money would goose G and whack B; not enough would depress G and boost B. But being a loose follower of MPT (and given that job 1 as a manager of wealth is to keep the car between the curbs), I'd just thank the genie and lock in a 50% return by investing half of my assets in G and the other half in B. Unfortunately...the correlations that currently exist within and between markets are sickening to a portfolio mechanic. Tools that are used to mitigate volatility are terribly expensive and/or ineffective.

Item 13.B.

Not applicable

Item 13.C.

Stranberg Capital does not provide account, or in other words, portfolio reports of any kind. Clients may view their accounts at any time on Schwab's web site. And Schwab provides account statements monthly.

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

As disclosed in Item 12, Stranberg Capital may receive economic benefit from Schwab in the form of various products and services they make available to our firm and other independent investment advisers that typically may not be made available to a "retail investor." These benefits may include the following products and services (provided either without cost or at a discount):

- Receipt of duplicate client statements and confirmations;
- Research-related products or tools;
- Access to trading desks serving our Clients may not have;
- Access to block trading services;
- The ability to have advisory fees deducted directly from Clients' accounts (per written agreement);
- Resource information related to capital markets and various investments;
- Access to an electronic communications network for order entry and account information;
- Access to mutual funds with no transaction fees and/or select investment managers; and
- Discounts on marketing, research, technology, and practice management products or services provided to our firm by third-party providers.

Some of the noted products and services made available by Schwab may benefit our firm but may not directly benefit a Client account, and certain research and other previously referenced services may qualify as "brokerage or research services" under Section 28(e) of the Securities Exchange Act of 1934. The availability of these services from Schwab benefits our firm because we do not have to produce or purchase them as long as our clients maintain assets in accounts at Schwab. Therefore, there is an appearance of a conflict of interest since our firm may have an incentive to select Schwab as its custodian based on our firm's interest in receiving these benefits rather than on our Clients interest in receiving favorable trade execution.

As part of our fiduciary duty, Stranberg Capital endeavors at all times to put the interests of its Clients first. We also believe it is important to mention that the benefit received by our firm through participation in the custodian's program does not depend on the amount of brokerage transactions directed to Schwab, and our selection of Schwab as custodian is in the best interest of our Clients since the selection is primarily supported by the scope, quality, and cost of their services---not just those services that benefit only our firm.

#### Item 15. Custody

Your assets will be maintained by Schwab. Your assets are not held by our firm or any associate. In keeping with this policy involving Client funds or securities, Stranberg Capital:

- Restricts the firm or an associate from serving as trustee or having general power of attorney over a Client account:

- Prohibits any associate from having authority to directly withdraw securities or cash assets from a Client account. Advisory fees will only be withdrawn from a Client account through engagement of a qualified custodian maintaining Client account assets, via written Client approval:

- Does not accept or forward client securities (i.e. stock certificates) erroneously delivered to our firm;

- Will not collect advance fees.

You will be provided with transaction confirmations and summary account statements sent directly to you by Schwab. Typically, statements are provided on at least a quarterly basis or as transactions occur within your account. Stranberg Capital will not create a statement for you or serve as the sole recipient of your account statements.

Should you receive periodic reports from our firm that includes investment performance information, you are urged to carefully review and compare your account statements that you have received directly from your custodian of record with any report from our firm.

#### Item 16. Investment Discretion

Stranberg Capital only operates on a fully discretionary basis and New Account Forms required by the Custodian accommodate this discretion. As such, the firm will have the authority to determine, without your prior approval, the types and amounts of securities to be bought and sold and the broker-dealer to be used.

Please note that Schwab will specifically limit our firm's authority within the account to the placement of trade orders and the receipt of our advisory fees per your client services agreement with our firm.

#### Item 17. Voting Client Proxies

Our firm will vote proxies on your behalf. Voting is done with shareholder value enhancement in mind. If a client wishes to know how their securities were voted, then that information is available upon request by contacting Stranberg Capital.

#### Item 18. Financial Information

##### Balance Sheet

Due to the nature of our firm's services and operational practices, an audited balance sheet is not required nor included in this brochure. Note that we do not directly withdraw our fees from your account; fee withdrawals must be done through Schwab and in conjunction with our written notice. And note that we do not accept advance payment for fees.

Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients

There is no financial condition that is reasonably likely to impair Stranberg Capital's ability to meet its contractual commitments to clients.

Bankruptcy Petitions

Neither the firm nor Mr. Stranberg have been the subject of a bankruptcy petition.

Item 19. Requirements for State-Registered Advisers

Academic and professional background of Peter S. Stranberg (DOB 7/3/1960):

BBA - University of North Texas – 1983

MS Finance – University of Illinois – 1985

Smith Barney Harris Upham – fixed income trading – 1985-1987

Drexel Burnham Lambert - fixed income trading - 1987-1989

Bank of America - high yield finance - 1990-1996

Private equity investments – 1996-2002

Stranberg Capital – 1999-present

Peter S. Stranberg is not actively engaged in any other business activity.