

Quantitative Strategies, Inc.

Firm Brochure

Item 1- Cover page

This brochure provides information about the qualifications and business practices of Quantitative Strategies, Inc. If you have any questions about the contents of this brochure, please contact us at the telephone number or website below. 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 Quantitative Strategies, Inc. is also available on the SEC's website at www.advisorinfo.sec.gov.

Quantitative Strategies, Inc. (QSI) is a registered investment advisor. Registration does not imply a certain level of skill or training.

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Item 2- Material Changes

Based on rules adopted by the SEC in July, 2010, ADV II is now required to be filed in a “narrative, plain English” format, replacing the “check-the-box” format. This is the first filing to meet these requirements and represents a material change.

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Item 4- Advisory Business

Quantitative Strategies, Inc. (QSI, also referred to as "Applicant") was started in 2001 by Morrie W. Reiff, Alan L. Shorr and Paul Okawa. QSI offers a series of diversified portfolios managed with a passive strategy. Based on studies indicating that long-term performance of actively managed mutual funds rarely outperform their benchmarks, QSI has developed portfolios consisting of low-cost, passively managed funds, that represent different "benchmarks" or asset categories. QSI acts as a sub-advisor. All clients will have a primary relationship with an investment advisor. Portfolio's range in risk and return, from a "Fixed Plus" 10% equity, 90% fixed income allocation, to an "aggressive" 95% equity, 5% fixed income allocation. Portfolio's are managed in an effort to maintain risk/return characteristics consistent with a given strategy, at the lowest possible cost. Investment advisor will match strategy to client based on financial objectives, risk tolerance questionnaire, and client's overall financial position. Investments will consist primarily of no-load mutual funds, exchange traded funds, or other low cost alternatives.

See "Requirements for State-Registered Advisors" for additional information on business activities and/or affiliated companies owned by principals.

Item 5- Fees and Compensation

QSI will charge an annual fee between .45% to .60% of assets under management. This amount may be negotiated lower for larger accounts. Prior to 2008 QSI charged .30% for all accounts, and these accounts continue to be billed at the same rate. In addition, the primary investment advisor or solicitor will charge a fee, not to exceed 2.5%. This amount will be determined by a separate agreement between the investment advisor and the client. QSI will bill accounts for all fees, with the investment advisor's portion sent to the advisor or broker, per separate written instructions. Fees are billed quarterly, in advance, and are deducted from client accounts. If contracts are terminated within 60 days of a new quarter, a pro rata refund of the fees paid in advance will be made available to the client on request.

Item 6- Performance-Based Fees

Applicant does not have any clients that pay fees based on performance.

Item 7- Types of Clients

Applicant provides service to individual clients, pension plans, trusts, and investment companies. The minimum account size is \$400,000 but may be lowered at the discretion of the applicant.

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

QSI uses its own securities analysis, in addition to research and analysis from various companies.

QSI employs modern portfolio management techniques to develop model portfolios. These include the following principals:

1. Asset Allocation (diversifying asset classes within a portfolio) can improve the risk/return characteristics of a portfolio.
2. Portfolios must include equities to minimize losses due to inflation and taxes, which can greatly erode the return on fixed income securities.
3. Attempting to time the market is impossible on a consistent basis. To capture long-term returns it is necessary to maintain a disciplined strategy and stay invested in the market.
4. Since small companies (companies with less than \$1.5 billion in market capitalization) have historically outperformed large companies (companies with \$5.5 billion plus in capitalization), investing in small companies can improve a portfolio's performance.

These principals are used to develop and maintain six investment strategies:

Strategy Name	Equity Allocation	Fixed Income Allocation
Fixed Plus	10%	90%
Defensive	20%	80%
Conservative	40%	60%
Balanced	60%	40%
Growth	80%	20%
Aggressive	95%	5%

Allocations to equities and fixed income will remain stable. However, the underlying asset mix within equities, or within fixed income, is subject to change, based on directors' opinions, market conditions, and economic environment.

Item 9- Disciplinary Information

There is no applicable disciplinary information to report.

Item 10- Other Financial Industry Activities and Affiliations

QSI is owned by Paul Okawa, Morrie W. Reiff, and Alan L. Shorr. Alan L. Shorr and Morrie W. Reiff are registered representatives and Paul Okawa is an administrative registered representative of Independent Financial Group, LLC, a registered broker dealer. Since QSI only acts as a third party manager, clients will have a primary relationship with a registered representative or investment advisor representative. Therefore, we do not anticipate a conflict of interest from QSI Investment Advisor Representatives. Both Alan and Morrie also own their own, separate, investment advisory businesses.

Directors, Morrie W. Reiff and Alan L. Shorr, of QSI have direct ownership in AFA Holding, LLC as well as indirect ownership in AFA Holding, LLC subsidiaries- AFA Financial Group, LLC (A broker dealer that has withdrawn from business with FINRA), AFA Advisor Services, LLC, a Registered Investment Advisor that

has withdrawn from business with the SEC, and Accountants Financial Alliance Insurance Services, Inc. Morrie W. Reiff, CFP also owns and operates Planned Asset Management, Inc., an independent Registered Investment Advisor, and Alan L. Shorr, CFP owns and operates Shorr Capital Management, an independent Registered Investment Advisor. The majority of their time is allocated to their Registered Investment Advisory firms with a smaller portion allocated to the operations and administration of the other entities, including QSI.

Item 11- Code of Ethics

Applicant has adopted a written code of ethics covering all supervised persons. The code of ethics consists of the following core principles: 1) The interests of clients will be placed ahead of the firm's or any employee's own investment interests. 2) Employees are expected to conduct their personal securities transactions in accordance to the firm's trading policy and will strive to avoid any actual or perceived conflict of interest with the client. Employees will consult with the CCO before taking any action that may result in conflict. 3) Employees will not take inappropriate advantage of their position with the firm. 4) Employees are expected to act in the best interest of each of our clients. 5) Employees are expected to comply with federal securities laws. Employees must agree and comply with this code in connection with the annual policy manual acknowledgement process.

A copy of the code of ethics is available to any client or prospective client on request.

Applicant or a related person may purchase the same mutual fund/ETF owned by clients. Based on the dollar amounts of the purchases, the size of the funds, and long-term nature of these investments, we do not feel it represents a conflict of interest. Since we do not recommend individual stocks, Applicant or related person will not purchase the same stock recommended to a client. However, it is possible that Applicant or related person will own the same stock that a client owns. If this occurs, trading will be monitored to avoid any conflict, or the appearance of a conflict of interest, with client trades having priority and executed separately and independently from any Applicant trades.

Item 12- Brokerage Practices

In reviewing custodians for client assets (broker-dealers), Applicant will look at costs to open, maintain, and close the account. Trading costs are typically an integral part of this and Applicant does not participate in trading costs or commissions, and does not receive research or soft dollar benefits. Trading costs are subject to change by the custodian and will generally represent less than 1/4 of 1% of assets. The operational support and technology provided by the custodian is also important, as higher efficiencies allow for faster, more accurate reporting and allow for focus on research and other client services.

We do not receive client referrals for brokerage, and we do not direct brokerage. Since we do not recommend individual stocks, the aggregation of orders is not applicable to us.

Item 13- Review of Accounts

Portfolios are reviewed no less than quarterly to determine if reallocation is necessary. Portfolio review includes analysis of various economic factors, including but not limited to - Interest rates, valuations (p/e ratios, p/cf ratios) inflation/deflation, unemployment, gross domestic product, and world events. Individual assets will be reviewed periodically for standard deviation, correlation internal costs, and performance to ensure against style drift or other deviation from their sector.

The portfolio will be compared to the target allocation no less than quarterly. Reallocation of assets will be performed when adjustments to the allocation model are implemented, or when deemed necessary due to shifts in financial markets. In reallocation; consideration will be given to taxes (if applicable), costs, and overall portfolio risk/return characteristics. Advisors will meet on at least a weekly basis to discuss portfolio allocations and other relevant issues. Reviews will be performed by directors.

Item 14- Client Referrals and Other Compensation

Applicant does not receive any economic benefit from non-clients for providing investment advice or advisory services to clients. We do not compensate any non-supervised person for client referrals.

Item 15- Custody

Applicant does not have custody of client funds or securities.

Item 16- Investment Discretion

Applicant has discretion over client accounts. Our management agreement states this, as do the account applications. However, the overall client allocation must remain consistent to the agreed upon model, unless the client or advisor provides written instructions to the contrary.

Item 17- Voting Client Securities

Applicant does not vote client securities. Proxy information is sent directly to the client, and clients may call us for additional information or to ask questions.

Item 18- Financial Information

Applicant does not solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. We do maintain discretion over client accounts. Since our primary contractual commitment to clients is service, it is unlikely that any financial condition would limit our ability to meet these obligations.

Item 10- Requirements for State-Registered Advisors

Below is a description and background of executive officers and management persons.

PERSONNEL PROFILES

President- Paul S. Okawa, CFA, born November 25, 1968.

His education after High School includes: BS Business, Finance, California State University of Northridge (Northridge, California), 1990

His background over the last five years includes:

Ownership and operation of Quantitative Strategies, Inc. (QSI), a Reeregistered Investment Advisor.

Vice President of Planned Asset Management, Inc., a related Registered Investment Advisor.

Administrative Registered Representative of AFA Financial Group, LLC, a registered broker dealer, and Administrative Registered Representative of Independent Financial Group, LLC, a registered broker dealer.

He has received the Chartered Financial Analyst (CFA) designation from the Board of Governors of the Association for Investment Management and Research (AIMR), in September, 2000. The CFA program is a globally recognized standard for measuring competence and integrity of financial analysts. Its curriculum develops and reinforces a fundamental knowledge of investment principals. Mr. Okawa also holds Series 7, 63 and 24 NASD licenses and is licensed for Life and Variable insurance contracts through the State of California.

Director- Alan L. Shorr, CFP, ChFC, born June 14, 1953.

His education after High School includes: BA, Cal-State Northridge (Northridge, California), 1973

His background over the last five years includes:

The operation and ownership of Shorr Capital Management, a Registered Investment Advisor specializing in tax and investment planning for professionals and executives of public and private companies. He also has direct ownership in AFA Holding, LLC as well as indirect ownership AFA Holding, LLC subsidiaries- AFA Financial Group, LLC (A broker dealer), AFA Advisor Services, LLC, a Registered Investment Advisor, and Accountants Financial Alliance Insurance Services, Inc. Mr. Shorr is a registered representative with Independent Financial Group, LLC.

Mr. Shorr began his career in the area of finance with Bank of America in 1973, forming Shorr Capital Management in 1981. He is a Chartered Financial Consultant and Certified Financial Planner and registered as an investment advisor with the Securities & Exchange Commission.

His professional affiliations include membership in the Society of Financial Service Professionals, the international Association for Financial Planning (IAFP), and the Institute of Certified Financial Planners. He is past president of the Bakersfield Chapter of the IAFP and past Chairman of the Southern California Financial Planning Conference. He has been a guest expert on both

radio and television, appeared on the PBS television show "The Financial Advisors," and participated on a national panel on financial planning sponsored by USA Today.

Mr. Shorr holds Series 6, 7, 22, 24, and 63 NASD Licenses, and is licensed for Life and Variable insurance contracts through the State of California

Director- Morrie W. Reiff, CFP born August 7, 1950. President and Principal

His education after High School includes:

U.S.C. (LA) Financial Planning Program.

College of Financial Planning Certified Financial Planner Program.

Los Angeles Valley College - Associates of Arts - Accounting.

San Diego State University - Bachelor of Science - Accounting.

His background over the last five years has included:

The operation and ownership of a Financial Planning firm known as Planned Asset Management, Inc, a registered investment advisor. He is a registered representative and OSJ for Independent Financial Group, LLC. He is also owner of a firm using the D.B.A. BR & Co., in service to implement advanced estate planning, long-term care, disability, and medical coverage for both individuals and businesses. He has direct ownership in AFA Holding, LLC as well as indirect ownership AFA Holding, LLC subsidiaries- AFA Financial Group, LLC (A broker dealer that has withdrawn from business with FINRA), AFA Advisor Services, LLC, a Registered Investment Advisor that has withdrawn from business with the SEC, and Accountants Financial Alliance Insurance Services, Inc. Time is allocated as needed for administration related to the various entities with AFA, BR & Co. and QSI, and will vary from period to period. Time is allocated as needed in his capacity as a registered representative and branch manager for Independent Financial Group, LLC.

Mr. Reiff holds Series 7, 24, and 63 NASD Licenses, and is licensed for Life and Variable insurance contracts through California and other states.

Mr. Reiff is a member of the Financial Planning Association (FPA) and he has served on the Board of Directors and is a past president of both the San Fernando Valley Society of the Institute of Certified Financial Planners and the San Fernando Valley Chapter of the International Association for Financial Planning. (The two are now merged and are the West Valleys Chapter of the Financial Planning Association). Mr. Reiff is a Certified Financial Planner (CFP) and holds Series 7, 24, and 63 NASD Licenses, and is licensed for Life and Variable insurance contracts through the State of California.