

Kraus Capital Management, LLC Customer Relationship Summary (Form CRS)

Introduction

Kraus Capital Management, LLC, is a Texas State Registered Investment Advisor. We feel it is important for you to understand how advisory and brokerage services and fees differ in order to determine which type of account is right for you. There are free and simple tools available to research firms and financial professionals at www.investor.gov/CRS which also provides educational materials about investment advisors, broker-dealers and investing.

What investment services and advice can you provide me?

As a registered investment advisor, Kraus Capital Management offers its investment advisory services to retail investors for an ongoing asset-based fee based on the value of cash and investments in your account. Our advisory services include Financial Planning, Investment Management, Estate Planning, Tax Planning, and Retirement Income Planning. If you open an account with our firm, we'll meet with you to understand your current financial situation, existing resources, goals, and risk tolerance. Based on what we learn, we'll recommend a portfolio of investments that is regularly monitored (at least annually), designed to be suitable for each client relative to that client's specific circumstances and needs. And, if necessary, rebalanced to meet your changing needs, stated goals and objectives. When providing you services, we do not recommend or offer advice on any proprietary products.

Our accounts are managed on a discretionary basis which means we don't need to call you when buying or selling in your account. You will sign an investment management agreement giving us this authority. This agreement will remain in place until you or we terminate the relationship. Kraus Capital Management also has a limited number of non-discretionary accounts where the client makes the ultimate decision regarding the purchase or sale of investments. Additional information about our advisory services can be found in our Firm Brochure.

Questions to Ask Us:

- **Given my financial situation, should I choose an investment advisory service? Why or why not?**
- **How will you choose investments to recommend to me?**
- **What is your relevant experience, including your licenses, education and other qualifications? What do those qualifications mean?**

What fees will I pay?

Description of Principal Fees & Costs: Fees for our Asset Management Services are charged based on a percentage of assets under management, automatically billed monthly and calculated based on the fair market value of your account as of the last business day of the previous month. The annual fee for asset management services will not exceed 1.35%. Because our fee is based upon the value of your account, we have an incentive to recommend that you increase the level of assets in your account. You will also be charged internal fees and expenses by the funds we invest in within your account. If you are an Asset Management Services client, you will not be charged a separate or stand-alone fee for Financial Planning Services. Financial Planning Services for non-Asset Management Services clients are provided under either an hourly fee that will not exceed \$300 per hour or a fixed fee arrangement not to exceed \$6,000 for one-time or annual engagements that will be billed on a monthly or quarterly basis. Fees are directly billed and due within 15 days of an invoice being rendered to the client. Our firm will not require a retainer exceeding \$500 when services cannot be rendered within 6 months. Any fees we charge for financial planning services will not cover the costs associated with implementing any recommendations we may make. Additional Information: You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying. For more information about the fees we charge and the other fees and expenses you will incur, please see Item 5 of Form ADV Part 2A.

The broker-dealer (custodian) that holds your assets can charge you a transaction fee when we buy or sell an investment for you. The broker-dealer's (custodian's) transaction fees are in addition to our advisory fee for our investment advisory service.

What are your legal obligations to me when acting as my investment advisor?

How else does your firm make money and what conflicts of interest do you have?

Standard of Conduct: When we act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice that we provide you. Here are some examples to help you understand what this means. (1) Conflicts may arise when financial professionals recommend insurance to clients where the financial professionals have an insurance license or the selection of custodians. When we provide asset management services, we will ask that you establish an account with TD Ameritrade to maintain custody of your assets and to effect trades for your account. Our recommendation to use these companies is not based solely on your interest of receiving the best execution possible. We also recommend them because they provide us with research, products and tools and technology that help us manage and further develop our business operations. As a result, we do not have to pay for such benefits, which save us money; however, these arrangements create a conflict of interest. (2) To the extent we recommend you roll over your account from a current retirement plan to an individual retirement account ("IRA") managed by us and subject to our asset-based fees, this is a conflict of interest because we have a financial incentive to recommend that you move your IRA to us even if it is not in your best interest.

The firm's revenue is derived from the advisory fees we collect from your accounts each month. Neither Kraus Capital Management nor any of its employees receives compensation for the sale of securities to our clients. Kraus Capital receives no compensation from any fund manager or other third-party for the investments that it selects for client accounts. Additional information about our conflicts of interest can be found in our Firm Brochure.

Questions to Ask Us:

- **How might your conflicts of interest affect me, and how will you address them?**

How do your financial professionals make money?

Our financial professionals are employees of the firm and are paid a fixed monthly salary. They also receive bonuses at the discretion of Kraus Capital Management based upon the success of the firm and specifically upon the contributions of the employee.

Do you or your financial professionals have legal or disciplinary history?

No, neither our firm nor our financial professionals have any legal or disciplinary history. Visit Investor.gov/CRS for a free and simple search tool to research our firm and our financial professionals.

Questions to Ask Us:

- **As a financial professional, do you have any disciplinary history?**
- **For what type of conduct?**

Additional Information about Kraus Capital Management

Additional information about us and a copy of this relationship summary are available on the Internet at <https://www.krauscapital.com>. If you have any questions or want an up-to-date copy of this relationship summary, we can be reached by phone at (210)224-1600.

Questions to Ask Us:

- **Who is my primary contact person?**
- **Is he or she representative of an investment advisor or a broker-dealer?**
- **Who can I talk to if I have concerns about how this person is treating me?**