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# AMERICAN MONEY MANAGEMENT, LLC

14249 Rancho Santa Fe Farms Road  
Rancho Santa Fe, CA 92067

(888) 999-1395

[www.amminvest.com](http://www.amminvest.com)

March 31, 2011

This Brochure provides information about the qualifications and business practices of American Money Management, LLC AMM. If you have any questions about the contents of this Brochure, please contact us at (888) 999-1395 or [info@amminvest.com](mailto:info@amminvest.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.

American Money Management, LLC is an SEC registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about American Money Management, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## Item 2 – Material Changes

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated March 31, 2011 is a new document prepared according to the SEC’s new requirements and rules. As such, this Document is materially different in structure and requires certain new information that our previous brochure did not require.

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Vicki Moore, Office Manager at (888) 999-1395 or [vohara@amminvest.com](mailto:vohara@amminvest.com). Our Brochure is also available on our web site [www.amminvest.com](http://www.amminvest.com), also free of charge.

Additional information about American Money Management, LLC is also available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s web site also provides information about any persons affiliated with American Money Management, LLC who are registered, or are required to be registered, as investment adviser representatives of American Money Management, LLC.

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#### **Item 4 – Advisory Business**

American Money Management, LLC (“AMM”), established in 1999, provides investment supervisory services. In particular, AMM manages client funds and securities for a fee based on a percentage of the fluctuating value of the assets managed. AMM provides these services to individuals, investment companies, pension and profit sharing plans, trusts, corporations and other business entities.

AMM serves as manager of two funds, Fallen Angels Value Fund and Fallen Angels Income Fund, both series of AMM Funds, an Ohio Business Trust. Clients of AMM who are also invested in either/both of these funds, and any other funds that AMM may manage in the future, will not be charged an advisory fee by AMM on that portion of assets.

Gabriel B. Wisdom (a founder, a 90% owner, and a Managing Director of AMM) and Michael Moore (10% owner, Chief Investment Officer) publishes a bi-weekly newsletter entitled “Fallen Angels Report”. The newsletter is offered and distributed through Mr. Wisdom’s website ([www.gabrielwisdom.com](http://www.gabrielwisdom.com)), as well as on a website created specifically for this report. ([www.fallenangelsreport.com](http://www.fallenangelsreport.com)), on a subscription basis. In each bulletin, the editors recommend a portfolio of stocks which they believe to be undervalued. As stated in each newsletter:

*“The opinions expressed are those of Gabriel Wisdom and Michael Moore and do not necessarily reflect the opinions of American Money Management, LLC (AMM), an SEC Registered Investment Advisor. Clients of AMM, Mr. Wisdom, Mr. Moore and employees of AMM may buy or sell investments mentioned without prior notice. This newsletter should not be considered investment advice. The opinions expressed do not constitute a recommendation to buy or sell securities. Investing involves risks, and you should consult your own investment advisor, attorney, or accountant before investing in anything.”*

Subscribers who cancel are entitled to pro-rata refunds.

As of March 29, 2011, AMM manages \$158,777,736.00 on a discretionary basis.

#### **Item 5 – Fees and Compensation**

The annual fee ranges from 0.25% to 4.00%, and may be negotiable depending on the size and complexity of the client’s account. Lower fees for comparable services may be available from other sources.

The specific manner in which fees are charged by AMM is established in a client’s written

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agreement with AMM. AMM collects its fees at the start of each quarter, in advance. AMM directly debits its fees from client accounts. Management fees shall not be prorated for each capital contribution and withdrawal made during the applicable calendar quarter (with the exception of de minimis contributions and withdrawals). Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

AMM's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial 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. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus.

Such charges, fees and commissions are exclusive of and in addition to AMM's fee, and AMM shall not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that AMM considers in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

AMM is also the investment adviser to AMM Funds, an Ohio business trust which currently consists of two mutual funds, the Fallen Angels Value Fund, and the Fallen Angels Income Fund. AMM receives: a management fee equal to 1.00% of the average daily net assets of each fund; and an administration fee equal to 0.25% of the average daily net assets of each fund.

If, and to the extent that, clients of AMM are invested in mutual funds not managed by AMM, they are essentially paying two advisory fees – AMM's fee and the fee of the adviser to the mutual funds (whose fees are described in the mutual funds' prospectuses).

## **Item 6 – Performance-Based Fees and Side-By-Side Management**

In some cases, AMM has entered into performance fee arrangements with qualified clients: such fees are subject to individualized negotiation with each such client. AMM will structure any performance or incentive fee arrangement subject to Section 205(a)(1) of the Investment Advisors Act of 1940 (The Advisors Act) in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. Performance based fee arrangements may create an incentive for AMM to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee paying accounts over other

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accounts in the allocation of investment opportunities. AMM has procedures designed and implemented to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients.

#### **Item 7 – Types of Clients**

AMM provides portfolio management services to individuals, high net worth individuals, investment companies, corporate pension and profit-sharing plans, trusts, estates or charitable organizations, corporations or business entities other than those listed above. AMM's minimum account size is generally \$50,000 however accounts under \$50,000 may be accepted on an individual basis at the discretion of AMM.

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## **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

The first step in developing our investment strategies is to determine how much should be invested in stocks, bonds, commodities, real estate and/or other asset classes. This decision is made based on the client's financial condition and goals and in view of current and anticipated market conditions. Once we have determined the appropriate asset allocation, we select suitable investments within the desired asset classes

### **Investment Strategies**

#### **Growth Strategy**

The primary objective of the AMM Growth approach is the risk adjusted long-term appreciation of capital. Our research methodology allows us to construct the core of the portfolio with equity investments that meet our standards. We will periodically venture into alternative asset classes like emerging market debt, high yield bonds, real estate investment trusts and commodities. We believe that tactical allocation to such instruments can help reduce portfolio volatility and achieve more consistent long-term returns.

#### **Growth & Income Strategy**

The primary objective of the AMM Growth and Income approach is the risk adjusted long-term appreciation of capital, but in a more conservative fashion and with less volatility than might result from the process we follow in our Growth strategy. In managing these more conservative accounts, we generally invest in both equity and fixed income instruments that meet our standards. The equity/fixed income mix varies from time to time based on our view of market conditions.

#### **Current Income Strategy: Tax-free or Taxable**

The AMM Current Income Strategy is designed for investors who seek current income. The objective is to produce an ongoing income stream from dependable debt (e.g. bonds) and equity securities (e.g. stock). The emphasis is on providing a reasonable level of current income. Investors should be willing to assume the risk inherent in changing interest rates and reasonable market fluctuation in order to achieve current yield requirements.

### **Methods of Analysis**

AMM employs the following methods of analysis in the investment selection process.

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**Fundamental Analysis:**

Involves the analysis of financial statements and ratios, the general financial health of companies, and/or qualitative factors like management strength and competitive advantages.

**Cyclical Analysis:**

Involves the analysis of business and economic cycles to determine favorable conditions for buying and/or selling investments.

**Economic Analysis:**

Involves the analysis of economic trends, monetary and fiscal policy, etc...

**Technical Analysis:**

Involves the analysis of past market data; primarily price and volume.

**Investing in securities involves risk of loss that clients should be prepared to bear.**

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of AMM or the integrity of AMM's management. AMM has no information applicable to this Item.

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

AMM may receive fees from investment advisers which it recommends.

## **Item 11 – Code of Ethics**

AMM has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, and personal securities trading procedures, among other things. All supervised persons at AMM must acknowledge the terms of the Code of Ethics annually, or as amended.

AMM anticipates that, in appropriate circumstances, consistent with clients' investment



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objectives, it will cause accounts over which AMM has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which AMM, its affiliates and/or clients, directly or indirectly, have a position of interest (including, but not limited to, the AMM FUNDS). AMM's employees and persons associated with AMM are required to follow AMM's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of AMM and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for AMM's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of AMM will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of AMM's clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between AMM and its clients.

AMM may place some orders with brokers who, at the time of the order, may include orders for both clients and personnel of AMM. Although, the orders may be bunched, the price per share will be allocated equally as an average price per share. Employee trades will be periodically reviewed for any potential insider trading. AMM trades primarily in exchange listed securities and its volume is generally insufficient to affect market prices. There is generally no material financial impact to the employee or to the client.

AMM's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Vicki Ohara.

It is AMM's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. AMM will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common

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control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction.

## **Item 12 – Brokerage Practices**

### **Factors Used to Select Custodians and/or Broker/Dealers**

AMM generally recommends, and/or selects (with the written consent of the client in each instance) the Institutional Division of Charles Schwab & Co., Inc. (“Schwab”). From time to time, AMM also suggests other broker-dealers. Clients may pay commissions, in addition to a markup/markdown, on over-the-counter trades. Although clients trading through a particular broker-dealer may pay commissions which are higher than those obtainable from other brokers, AMM evaluates the reasonableness of the of the commissions in light of the full range and quality of a broker’s services, including, among other things, the value of research provided as well as execution capability, commission rates, financial responsibility, and responsiveness to AMM’s needs.

At present, client accounts managed by AMM are maintained at two broker-dealers Schwab and TD Ameritrade (“TDA”). When placing orders to purchase or sell securities in accounts, AMM generally places orders for client accounts maintained at Schwab first, then TDA. This may result in a different executed price for client accounts at either broker.

### **Soft Dollar Practices**

“Soft dollar” practices are arrangements under which products or services other than execution of securities transactions are obtained by an investment adviser (such as AMM) from or through a broker-dealer in exchange for the direction by the adviser of client brokerage transactions to the broker-dealer. As indicated above, most of the accounts managed by AMM are custodied with Schwab, and most of the client trades directed by AMM are effected through Schwab. Schwab provides AMM with access to its institutional trading and operations services, which are typically not available to retail investors. These services generally are available to independent investment advisers (such as AMM) at no charge to them so long as a total of at least \$10 million of the clients’ account assets are maintained at Schwab. Schwab’s services include research, brokerage, custody, access to mutual funds and other investments that are otherwise available to institutional investors or would require a significantly higher minimum initial investment. Schwab also makes available to AMM (and to other advisers) other products and services that benefit AMM but may not benefit its clients’ accounts.

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These include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts ), provide research, pricing information and other market data, facilitate payment of AMM's fees from its clients' accounts, and assist with back-office support, record keeping and client reporting. Schwab may also provide AMM with other services intended to help AMM manage and further develop its business enterprise including consulting, publications, and presentations on practice management, information technology and regulatory compliance. Schwab makes available, or provides those products and services to AMM at no additional cost to AMM, except for AMM's agreement to, on a best effort basis consistent with AMM's duty to obtain best execution, place equity transactions with Schwab. The advisory fees paid to AMM by its clients are not reduced because of AMM's receipt of such services. The availability of AMM of those products and services is not contingent upon AMM committing to Schwab any specific amount of business, but as a result of receiving such products and services AMM has an incentive to continue to use Schwab as a custodian of the clients' accounts, and to effect transactions in securities for accounts held at Schwab.

### **Aggregate and Block Trading**

In placing its orders to purchase or sell securities in accounts, principals of the firm may elect to aggregate orders, sometimes called “block trading”. Trades may be aggregated so that all the participating clients may receive a better average price for their securities, whether bought or sold. In the execution of aggregate trades American Money Management will adhere to the following general guidelines.

1. American Money Management will not aggregate transactions unless aggregation is consistent with its duty to seek best execution and the terms of the investment advisory agreement with each client for which trades are being aggregated.
2. No advisory client will be favored over any other client. Each client that participates in an aggregated order will participate at the average share price for all adviser's transactions in that security on a given business day, with transaction costs shared pro-rata based on each client's participation in the transaction.
3. American Money Management will prepare, before entering an aggregated order, a written statement (“Allocation Statement”) specifying the participating client accounts and how it intends to allocate the order among those clients.
4. If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the Allocation Statement. If the order is partially filled, it will be

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allocated pro-rata based on the Allocation Statement. Every effort will be made by American Money Management trade personnel to place trades such that the possibility of a partial fill is minimized.

5. Notwithstanding the foregoing, the order may be allocated on a basis different from that specified in the Allocation Statement if all client accounts receive fair and equitable treatment and the reason for different allocation is explained in writing and is approved in writing by adviser's compliance officer no later than one hour after the opening of the markets on the trading day following the day the order was executed.
6. American Money Management books and records will separately reflect, for each client account, the orders of which are aggregated, the securities held by, and bought and sold for that account.
7. Funds and securities of clients whose orders are aggregated will be deposited with one or more banks or broker-dealers, and neither the client's cash nor their securities will be held collectively any longer than is necessary to settle the purchase or sale in question on a delivery versus payment basis; cash or securities held collectively for clients will be delivered out to the custodian bank or broker-dealer as soon as practicable following the settlement.
8. American Money Management will receive no additional compensation of any kind as a result of the proposed aggregation.
9. Individual investment advice and treatment will be accorded to each advisory client.

### **Item 13 – Review of Accounts**

**REVIEWS:** Managed accounts are generally reviewed bi-weekly, or more frequently as circumstances warrant. The calendar, or events relevant to investments, are triggering factors.

**REVIEWERS:** The investment committee members review accounts on a portfolio analysis basis. Although accounts may be assigned as the primary responsibility of one of investment committee members, the members share responsibility for reviewing all accounts, and for making investment decisions.

Clients receive monthly statements of their accounts from the broker(s) having custody of their accounts.

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## **Item 14 – *Client Referrals and Other Compensation***

AMM may compensate unrelated third parties for client referrals in accordance with Rule 206 (4)-3 under the Investment Adviser's Act of 1940. The compensation paid to any such third party will typically consist of a cash payment stated as a percentage of AMM's advisory fee.

## **Item 15 – *Custody***

AMM does not take custody of client accounts at any time. Clients will receive monthly account statements directly from their custodian and should carefully review those statements.

AMM urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

## **Item 16 – *Investment Discretion***

AMM usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, AMM observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, AMM's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Investment guidelines and restrictions must be provided to AMM in writing.

## **Item 17 – *Voting Client Securities***

AMM does vote proxies for private client accounts. Clients may retain such duties upon request.

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AMM outsources proxy voting to Riskmetrics/ISS. Clients may obtain a copy of Riskmetrics/ISS complete proxy voting policies and procedures upon request. Clients may also obtain information from AMM about how any proxies were voted on behalf of their account(s).

#### **Item 18 – Financial Information**

AMM does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.