

# **BROCHURE**

## **Select Money Management, Inc.**

**26800 Aliso Viejo Parkway, Suite 150  
Aliso Viejo, California 92656**

**(949) 975-7900**

**March 1, 2013**

This brochure provides you information about the qualifications and business practices of Select Money Management, Inc. If you have any questions about the contents of this brochure, please contact us at (949) 975-7900. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. Additional information about Select Money Management, Inc. is available on the SEC’s website at <http://www.adviserinfo.sec.gov>.

## **SUMMARY OF MATERIAL CHANGES**

In this Summary of Material Changes (Item 2 of Form ADV, Part 2A), references to “we,” “us,” “our,” or “our firm” refer to Select Money Management, Inc. Individuals who serve as our directors, officers, and employees are referred to as our “representatives.” Our firm’s clients and prospective clients are referred to as “you,” “your” or “our clients.” We provide this summary to our existing clients and we may omit it from the current firm brochure that we provide to new clients who did not previously receive our old firm brochure.

This summary describes all of the material changes to our old firm brochure (Form ADV, Part 2A) dated March 29, 2012. This summary does not describe all of the changes that were made, only those that we deemed to be material, and this summary is qualified in its entirety by our current firm brochure, which is available upon request by calling us at the telephone number or writing to us at the address shown on the cover page. Our current firm brochure is also available for viewing and downloading over the Internet from the Investment Adviser Public Disclosure website: [http://www.adviserinfo.sec.gov/IAPD/Content/Search/iapd\\_Search.aspx](http://www.adviserinfo.sec.gov/IAPD/Content/Search/iapd_Search.aspx). Follow the website’s instructions to search by our firm’s name and, once found, use the navigation bar to locate, open and, if desired, download our current firm brochure.

As of February 20, 2013, the firm’s officers now consist of Carin R. Amaradio, President, and Laurie A. Thompson, Vice President. More information about these representatives of our firm is found in Item 4, *Advisory Business*, of our current firm brochure.

We no longer recommend or utilize brokerage accounts held at Schwab Institutional, a division of Charles Schwab & Co., Inc., to manage client investment portfolios. Instead, we recommend and utilize brokerage accounts held at National Financial Services, LLC, a clearing and custodial broker-dealer affiliated with Fidelity Investments, Inc. More information about our current brokerage practices can be found in Item 12, *Brokerage Practices*, of our firm brochure.

## **TABLE OF CONTENTS**

	<u>Page</u>
Item 1 Cover Page .....	i
Item 2 Summary of Material Changes.....	ii
Item 3 Table of Contents .....	iii
Item 4 Advisory Business.....	1
Item 5 Fees and Compensation.....	5
Item 6 Performance-Based Fees and Side-By-Side Management.....	7
Item 7 Types of Clients .....	7
Item 8 Methods of Analysis, Investment Strategies and Risk of Loss .....	7
Item 9 Disciplinary Information .....	12
Item 10 Other Financial Industry Activities and Affiliations .....	12
Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .	13
Item 12 Brokerage Practices .....	13
Item 13 Review of Accounts.....	15
Item 14 Client Referrals and Other Compensation.....	15
Item 15 Custody .....	15
Item 16 Investment Discretion.....	16
Item 17 Voting Client Securities.....	16
Item 18 Financial Information .....	16

## **INTRODUCTION**

In this brochure, references to “we,” “us,” “our,” or “our firm” refer to Select Money Management, Inc. Individuals who serve as our directors, officers, and employees are referred to as our “representatives.” Our firm’s clients and prospective clients are referred to as “you,” “your” or “our clients.”

**This brochure contains important information. We encourage you to read it carefully and to ask questions if there is any information that you do not understand.** The format and content of this brochure have been prepared based on the instructions to Form ADV, Part 2A, which is prescribed for use by registered investment advisors under federal and state securities laws and related rules. Form ADV, Part 2A supersedes Form ADV, Part II.

## **ADVISORY BUSINESS**

### **Our Owners and Principals**

Our firm was established by Carin R. Amaradio and commenced business in 2010. Ms. Amaradio serves as our President. Laurie A. Thompson serves as Vice President. They each have well over 25 years of experience in the financial services business.

As of December 31, 2012, we managed 691 client accounts valued at approximately \$87,748,301 on a discretionary basis and 105 client accounts valued at approximately \$29,215,891 on a non-discretionary basis for a **total of \$116,963,892.**

### **General Investment Advisory Services for Individuals**

We offer general investment advisory services for individuals. These services include developing investment strategies based on your current and anticipated future financial needs. Our representative will meet with you, gather financial data, and discuss your current financial situation and future financial goals. You need to furnish us with all current information about your financial and investment circumstances. Your information, as well as our recommendations and advice, are confidential.

Based on your information, we will give you our recommendations for various investment products and services. You are always at liberty to follow or disregard our recommendations, in whole or in part. We will advise you, but you must make your own decision whether or not to make any investment.

After developing and recommending your investment strategy, we will periodically contact you for a financial review, typically at least annually. Our financial review will take into consideration the original investment strategy, new investments you have made, changes in your financial circumstances or goals, and any changes in the tax laws or other general economic conditions that may affect your current investment strategy. If requested, we will provide you with interim financial reviews. Typically, we do not provide periodic reports for our general investment advisory clients.

In most situations, we do not charge a fee for our general investment advisory services for individuals. We do not impose a minimum dollar value of assets or other conditions in order for you to utilize the general investment advisory services for individuals.

### **General Investment Advisory Services for Businesses**

We offer general investment advisory services specifically tailored to the needs and special circumstances of businesses, including their pension and retirement plans. These services are generally provided in conjunction with other professionals and include investment management services for pension and profit sharing plans, 401(k) plans, 403(b) plans, SEP IRA plans, SIMPLE IRA plans, non-qualified deferred compensation plans, asset protection plans, executive salary continuation plans, cross-purchase and stock redemption agreements and employee advisory services.

We also provide general investment advisory services specifically tailored to the needs of a trustee or other fiduciary, including but not limited to, someone meeting the definition of “fiduciary” under the Employee Retirement Income Security Act of 1974 (“ERISA”) or an employee benefit plan subject to ERISA.”

We will periodically contact you for a financial review. Interim financial reviews are available as you may request. We may provide regular reports regarding your accounts, depending on your needs. We do not impose a minimum dollar value of assets or other conditions for these services.

Fees for our general investment advisory services for businesses are negotiated on a case-by-case basis after our assessment of the complexities of the services to be rendered.

### **Portfolio Management Services**

We offer the following fee-based portfolio management services to all types of clients:

**Model Portfolio Selection with Tactically-Managed Portfolios** – We offer a Model Portfolio Selection with Tactically-Managed Portfolios to our clients. This program is based on our proprietary strategic asset allocation methodology developed by us and our affiliated registered investment advisor, Select Portfolio Management, Inc. We have developed and managed several models, each designed to meet a specific goal. Portfolios are then created using separately managed accounts (SMAs), no-load mutual funds, exchange-traded funds (ETFs), unit investment trusts (UITs), and/or individual securities. We assist clients with selecting one of our portfolios based on our understanding of the clients specific financial circumstances, future financial needs, investment goals, return objectives, and risk tolerance. Each portfolio is managed based on fundamental and technical analysis of the markets. Fundamental analysis is used to answer the question of where to invest, while technical analysis assists in answering when to invest. We, acting in a limited discretionary capacity, choose when to execute any trade. A minimum of \$25,000 in assets is required to participate in the Model Portfolio Selection with Tactically-Managed Portfolios. Some strategies may have higher required minimums. We may waive such minimum at our sole discretion.

**Custom Portfolios** – We also offer Custom Portfolios to our clients. Portfolios are created based on our understanding of a client’s specific financial circumstances, future financial needs, investment goals, return objectives, and risk tolerance, and may be comprised of separately managed accounts (SMAs), no-load mutual funds, exchange-traded funds (ETFs), unit investment trusts (UITs), bonds, variable products, annuities and/or individual securities. Once a portfolio is created, decisions regarding the type, amount, and holding period of any investment are made in accordance with client circumstances, client requests or investment policy statements. Each portfolio is actively managed based on fundamental and technical analysis of the markets. Fundamental analysis is used to answer the question of where to invest, while technical analysis assists in answering when to invest. We, acting in a limited discretionary capacity, choose when to execute any trade. A minimum of \$250,000 in assets is required to participate in the Custom Portfolios. We may waive such minimum at our sole discretion.

### **Conditions That Apply To All Fee-Based Portfolio Management Services**

***Account Opening, Funding, and Implementation*** – We will assist you in opening a securities brokerage account to be held at National Financial Services, LLC (“*National Financial*” or “*Custodian*”), a clearing broker-dealer and affiliate of Fidelity Investments, Inc. Our affiliated broker-dealer, Securities Equity Group introduces securities brokerage accounts to National Financial. This brokerage account will be governed by a separate agreement between you and National Financial. National Financial will serve as the custodian for your account. We will not have possession or custody of your cash, checks, securities, or other property.

Once your custodial brokerage account has been established, we will assist you in depositing or transferring cash or marketable securities into your account. Initially, your investments may be held in money market funds or similar liquid securities pending deployment in accordance with the characteristics and investment allocations governing your portfolio model. Under some market conditions the portfolio model governing your account may not immediately cause us to invest your assets into equity or debt securities positions. We are not responsible for missed investment opportunities that could occur while your assets are awaiting deployment based on the portfolio model.

***Agreement*** – If you choose to use one of our fee-based portfolio management services you will execute our Portfolio Management Services Agreement (the “*Agreement*”). By its terms, you will grant us limited discretionary authority to manage the assets held in your account in accordance with the applicable model or custom portfolio through the purchase, sale, exchange, redemption, conversion, or other disposition of investments, income, or proceeds deposited and held in your account. In our discretion, we may periodically rebalance the asset allocation in your account.

***Termination*** – You may terminate our Agreement, without penalty, within five (5) business days from its date. Thereafter, you or we may terminate it by providing written notice to the other party. Upon termination, we will have no further obligation with respect to your account. You may also immediately give notice to terminate our Agreement after receipt of our notice of any proposed “assignment” of this Agreement or our proposed change in our fees or any terms or conditions of our services. Termination of our Agreement will not affect liabilities or obligations incurred or arising from transactions initiated under it prior to the termination date, including any

pending transactions for your account. You may terminate our Agreement without terminating your agreements with the Custodian. If you do move the assets in your account to a different custodian or broker-dealer, you are responsible for any associated costs. Our fees will be prorated for the number of elapsed days of the billing period before termination. Any earned but unpaid fees will be deducted from the account in the same manner as our other fees. Any charged but unearned fees will be automatically refunded to you within 30 days.

### **Managing Other Managers**

We offer investment management services to identify, monitor, and manage unaffiliated third-party investment managers (sometimes referred to as “managing the managers”). We will select and recommend these managers based on a number of factors including, among others, their investment experience, specialty, and historical investment performance. We will discuss the background of these managers with you and determine whether one or more of them may be suitable to manage some or all of your account. We will provide and discuss with you their firm brochures (Form ADV, Part 2A).

Once selected, we will monitor and report to you about the investment performance of these third-party managers. By contract, you will grant us discretionary authority to change any of these investment managers in the event we believe the firm is not performing as anticipated, is under-performing in relation to appropriate investment benchmarks, or for any other reason we believe to be important to discontinuing their services for you.

Our fees for this service vary and will be negotiated on a case by case basis in view of, among other things, the total fees you will pay with respect to the same assets under management and any other fully disclosed compensation we may receive from those managers for acting as their solicitor in recommending their services to our clients (see the description of Third-party Wrap Fee Programs below).

### **Third-party Wrap Fee Programs**

We act as a solicitor for, and offer advice about, various wrap fee programs for separately managed accounts sponsored by unaffiliated investment advisors. In wrap fee programs the program sponsor selects the investments, monitors and evaluates investment performance, executes your portfolio transactions without commission charges, and provides custodial services for your assets. All of these services are generally provided for a single fee (or “wrap fee”) you pay to the program sponsor. These programs are described in separate wrap fee program brochures prepared and distributed by the program sponsor. When we discuss a wrap fee program, we will provide you with a copy of the sponsor’s brochure. Read it carefully and ask us questions about anything you do not understand.

Typically, the program sponsor pays us a portion of the wrap fee that you pay to the sponsor. The amount of our compensation is disclosed in a separate solicitor’s disclosure brochure. You should be aware that the total fees charged by the wrap fee program sponsor, including brokerage and custodial fees, may in total exceed the cost of separately obtaining brokerage, custody and other services if you were able to negotiate such fees separately.

## **FEES AND COMPENSATION**

Fees for third-party manager services and for our general advisory services, if any, are described in the preceding section of this brochure and, when applicable, will be negotiated with you on a case by case basis in view of your circumstances, other fees you will incur, and other fully-disclosed compensation we may receive.

**Portfolio Fee Schedule** – Although fees for our portfolio management services may be negotiated under certain circumstances, our standard fee schedule is as follows:

<b>Aggregated (or Family) Account Value</b>	<b>Annual Fee Custom Accounts Equity High Yield</b>	<b>Annual Fee Tactical Growth</b>	<b>Annual Fee Balanced Model</b>	<b>Annual Fee Tactical Bond Tactical Fixed Income</b>	<b>Annual Fee All Cash Models</b>
\$25,000.00 - \$150,000.00	2.40%	2.10%	1.70%	1.50%	0.50%
\$150,000.01 - \$250,000.00	2.10%	1.90%	1.50%	1.30%	0.50%
\$250,000.01 - \$500,000.00	1.80%	1.80%	1.30%	1.20%	0.50%
\$500,000.01 - \$750,000.00	1.50%	1.50%	1.10%	1.00%	0.40%
\$750,000.00 - \$1,000,000.00	1.20%	1.20%	1.00%	0.90%	0.40%
\$1,000,000.01 - \$2,000,000.00	1.00%	1.00%	1.00%	0.75%	0.30%
\$2,000,000.01 - \$3,000,000.00	0.90%	0.90%	0.90%	0.70%	0.30%
\$3,000,000.01 - \$4,000,000.00	0.85%	0.85%	0.85%	0.65%	0.30%
\$4,000,000.00 - \$5,000,000.00	0.80%	0.80%	0.80%	0.60%	0.30%
\$5,000,000.01 and above	Negotiated	Negotiated	Negotiated	Negotiated	Negotiated

142239.143418 8983380-1Rev. 3/7/13

We may negotiate any of our fees taking into consideration such things as the size of your account, the number of managed portfolios, your relationship with other clients, the length of our relationship with you, the complexity of your personal circumstances, the composition of your portfolio, the complexity of investment strategies, the frequency of desired meetings or special reporting, and other factors that affect our cost of providing services for you. If you, your

family, or related persons also have accounts under our management, those accounts may be aggregated for fee calculation purposes. For these reasons, our fees may vary among clients who may be in similar circumstances.

Other investment advisors may charge higher or lower fees for comparable services. We will seek to assure that you are charged a competitive rate according to the size of the account being managed. We reserve the right to modify the fee schedule upon a minimum of thirty (30) days prior written notice to you.

***Billing*** – Our fees will be billed quarterly in arrears and will be automatically withdrawn from your account pursuant to your authorization. In any partial calendar quarter, our fees will be pro-rated based on the number of days your account was under our management. For the purpose of determining our fees, the market value of assets under management shall be measured on the last business day of the immediately preceding billing quarter. We will rely upon the valuations provided by the Custodian without independent verification. In the event that you terminate your account prior to the end of a quarter, our final fee will be pro-rated based on the number of days your account was under our management and will either be deducted from your account in the same manner or an invoice will be sent.

***Transaction and Exchange Fees*** – Besides our investment management fees, you will pay all brokerage charges related to securities transactions for your account and, if applicable, any custodian's fees. During a trade or exchange, a mutual fund company may charge a transaction or exchange fee and deduct it from your proceeds before reinvestment. You should carefully review the prospectuses of your investments so you are aware of the specific amount of the transaction or exchange fee that may be charged. You agree not to cause or permit any trade or exchange to be made in your account(s) that we manage that is inconsistent with our recommendations. Any acts inconsistent with the foregoing shall relieve us of any and all liability.

***Other Third-party Fees*** – If you invest in mutual funds, exchange-traded funds, and other funds or investments that are managed or administered by third-parties, you will be paying additional fees and charges to others that are in addition to our fees. For example, if you purchase mutual fund shares or a variable insurance product, then you will incur additional fees and charges at the fund level. Each mutual fund's or variable insurance product's prospectus or offering memorandum describes these fees and expenses. The additional fund-level fees may include, but are not limited to, a management fee, brokerage and custodian fees, other fund expenses, mortality and expense risk charge or possible distribution fee. If the product imposes a sales charge, you may pay an initial or deferred sales charge.

Except as described under the heading *Other Financial Industry Activities and Affiliations* (Item 10 below), we are not affiliated with any other service provider or securities issuer, and we do not receive compensation from any source other than the fees we charge, described above. Before investing in a fund, you should consider the total cost of fund-level fees, our advisory fees, and any transaction-related commissions or charges. You may choose to invest in mutual funds, variable insurance products, or other securities directly, without our services.

## **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

We do not charge performance-based fees. We do not charge fees based on a share of your account's capital gains or the capital appreciation of assets held in your account.

## **TYPES OF CLIENTS**

We provide portfolio management services to individuals, high net worth individuals, businesses, corporate pension and profit-sharing plans, trusts and estates, charitable institutions, foundations, and endowments.

## **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **Methods of Analysis**

When advising you about your investments or managing your account, we typically use several methods to analyze the securities that we may select for your investment portfolio, including fundamental and technical analysis. We also consider cyclical factors affecting some industries and companies more than others. We also consider factors such as the strength of the company's or mutual fund's management team.

***Fundamental analysis*** is a technique that attempts to determine a security's value by focusing on the economic well-being of a company, as opposed to movements of its market price. In the course of our analysis, we will review a company's financial statements and consider factors including, but not limited to, the company's historical financial condition, prior operating results and trends, its projected revenue growth, its competitive advantages and disadvantages, the anticipated demand for its current and future products or services, the age and nature of its assets, and other factors affecting the company's anticipated results from future operations. Past performance does not assure similar future performance. A company's fundamental value can be adversely affected by many factors unrelated to its actual operating performance.

***Technical analysis*** is another method to evaluate potential investments. Unlike fundamental analysis, technical analysis does not analyze the company's value, but instead analyzes the movement of stock prices in the market, both individually and within an industry or sector of the economy. Technical analysis studies the supply and demand in the market in an attempt to determine historical and future trends. Notwithstanding favorable market price movements, a company's financial condition and other unique factors can adversely affect its value. Technical analysis relies upon stock movements and volume reflected in historical stock charts, often compared with various market benchmarks.

***Cyclical factors*** are relevant to some industries and some company's stocks more than others. A cyclical industry or stock is generally more sensitive to our economy's business cycle. Business cycles are the recurring and fluctuating levels of economic activity that our economy experiences

over a period of several years. The five stages of the business cycle are growth (expansion), peak, recession (contraction), trough and recovery. Business cycles vary in frequency, magnitude and duration. The revenues for cyclical industries and stocks are generally higher in periods of economic prosperity and expansion and lower in periods of economic downturn and contraction. Some industries and stocks tend to be counter-cyclical. The revenues for counter-cyclical industries and stocks tend to be negatively correlated to the overall state of the economy. A counter-cyclical stock's price will tend to move in a direction that is opposite to the general economic trend.

We obtain information from a number of sources, both public and by purchase, including financial newspapers and magazines, inspection of corporate activities, research materials prepared by third-parties, corporate rating services, annual reports, prospectuses, reports filed with the SEC, and company press releases. We believe these resources for information are reliable and regularly depend on these resources for making our investment decisions.

### **Investment Strategies**

We use a variety of investment strategies depending on your circumstances, financial objectives and needs. We may recommend implementing one or more of the following investment strategies: long-term purchases (held at least a year), short term purchases (held less than a year), trading (held less than 30 days), margin transactions (purchase of a security on credit extended by a securities company), and option writing (selling an option).

We may recommend implementing these strategies using stocks, bonds, mutual funds (held directly or held within variable annuities or life insurance products), municipal securities, options contracts, futures contracts and other types of investments. We often recommend mutual funds of different kinds to promote portfolio diversification within various asset classes, such as industry sectors, domestic/international, or equities/bonds. We may recommend periodic purchases, sales, and exchanges of those mutual fund shares within mutual fund families and between different mutual fund families when there are changes in your needs, market conditions, or economic developments.

### **Investment Risks and Rewards**

Investing in securities involves risks of loss that you should be prepared to bear. Securities, mutual funds, variable products, annuities and other types of investments all bear different types and levels of risk. Upon request, we can discuss with you the types of investments and investment strategies that we believe may tend to reduce these risks in light of your personal circumstances and financial objectives.

For our portfolio management services, we use a proprietary methodology to determine when to buy/sell mutual funds or other securities for our separately managed accounts. No assurance can be given that any fee-based portfolio management service will result in profitable investments for you or that you will not incur losses. The results of any fee-based portfolio management service cannot be guaranteed and do not take into consideration the timing of your purchase of any particular security, how long you have held the security, your other investments, or the specific tax consequences of the sale or purchase of any securities. All risk of gain or loss in the investments and all expenses of the account(s) are your sole responsibility.

We provide no guarantee regarding the timing of a trade or exchange. While we attempt to execute trades within twenty-four (24) hours of a signal or decision, delays could occur. Processing time delays incurred by the mutual fund companies, insurance companies, brokerage firms, clearing firms and custodians are not our responsibility and in such event we assume no responsibility for any possible losses. In the event that a trade or exchange is missed with material losses resulting there from, we assume no responsibility for such losses. You will be required to waive any claim to specific, direct or consequential damages and agree that your sole remedy shall be either (1) the refund of the quarterly fee and cancellation of their Agreement or (2) the account(s) will be managed without charge for a term to be determined by us.

While we design investment strategies to provide appropriate investment diversification, some investments have significantly greater risk than others. Obtaining higher rates of return on investments entails accepting higher levels of risk. Our investment strategies seek to balance risks and rewards to achieve investment objectives. You need to ask questions about investment risks you do not understand. Our representatives would be pleased to discuss them with you.

We strive to render our best judgment on behalf of our clients. Still, we cannot assure you that investments will be profitable or assure that no losses will occur in an investment portfolio. Past performance is an important consideration with respect to any investment or investment advisor but is not a reliable predictor of future performance. We continuously strive to provide outstanding long-term investment performance, but many economic market variables beyond our control can affect the performance of an investment portfolio.

Generally, some of the more common investment-related risks that may affect your investment portfolio include:

- Business risks are associated with a particular company or industry. For example, start-up companies carry greater business risks than established companies. Companies developing new technologies carry greater business risks than manufacturers of well-established or widely used products and services.
- Financial risks are often associated with the ability of a company to raise capital or finance its operations, as well as its ability to repay indebtedness. Highly leveraged companies face greater financial risks than well-capitalized companies.
- Market risks are related to the effects of economic, political, natural disasters, or other events on the price of a publicly-traded stock, bond, exchange-traded fund, or other securities. This type of risk is typically affected by extrinsic factors that often are not related a particular company's financial condition, performance, or circumstances. For example, investment speculation can materially affect market prices.
- Liquidity risks are associated with an investor's ability to readily convert a security or other asset into cash. Generally, there is greater liquidity for securities that are publicly traded on stock exchanges or trading facilities that match buy and sell orders. Privately offered securities may be highly illiquid because there is little or no trading or market activity.

- Concentration risks result from a lack of investment diversification, which may be expressed in terms of geography, industry, or economic sector. For example, mutual funds typically invest in a large number of different companies, typically lowering the risk that one or a small number of those companies experience a significant loss.
- Options are complex, derivative securities that involve special risks. Option contracts expire at a stated maturity date and have no further value. Unlike traditional securities, the value of an option and the return from holding an option varies with the value of the underlying security from which it derives and other factors.
- Interest-rate risks are associated with changes to investment prices due to increasing or decreasing interest rates. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline. Generally, the principal value of the bond is received upon the particular bond's maturity, though you may have purchased it at a premium or a discount from its face value. The impact of interest rate changes is different for bonds held inside of a mutual fund or pooled investment where you do not hold a particular bond until its maturity.
- Inflationary and deflationary risks are associated with the purchasing power of the dollar, which is affected by broad economic, monetary, governmental policies, and the balance of supply and demand for products and services.
- Reinvestment risks are typically related to fluctuations in the potential interest rate at which future investment proceeds may have to be invested. For example, reinvestment risks may increase during periods of falling interest rates. This risk primarily relates to bonds and other fixed income securities.
- Currency risks are primarily associated with foreign investments. For example, a company's earnings in a foreign country may be affected by fluctuations in the value of the dollar against that foreign currency. Similarly, the investment return of a foreign security may be affected by changes in currency exchange rates.
- The use of portfolio models is a cost-effective way to manage a large number of accounts; however, when models are used the trading that occurs typically does not take into consideration the specific circumstances of an investor such as the investment horizon, holding period, and tax considerations. For example, securities purchased for a new account based on the model could then in effect be sold if changes to the model dictate that those securities be sold at that time.

## **Types of Investments**

We provide investment advice with respect to a wide range of investments, including no-load mutual funds, indexed funds, exchange traded funds (generically referred to as "*funds*"), unit investment trusts, stocks, bonds, annuities and other types of investment securities. Advice may also be given to clients with interests in partnerships investing in other business activities such as real estate investment trusts (REITs), and various types of insurance products that may include investment features.

We often offer advice about separately managed accounts by unaffiliated investment advisors, mutual funds, exchange-traded funds, and variable annuities. Our representatives are happy to answer any questions you may have about these kinds of investments and investment programs.

**Mutual funds** of all types charge their shareholders various advisory fees and expenses associated with the establishment and operation of the funds. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, shareholder servicing, other fund expenses, and sometimes a distribution fee. If the fund also imposes sales charges, you may pay an initial or deferred sales charge. These separate mutual fund fees are disclosed in each fund's current prospectus, which is available from the mutual fund and, upon request, can be provided by us.

Consequently, for any type of mutual fund investment, it is important for you to understand that you are directly and indirectly paying two levels of advisory fees and expenses: one layer of fees at the fund level and one layer of advisory fees and expenses to us. Generally speaking, most mutual funds may be purchased directly, without using our services, without incurring advisory fees. Moreover, many mutual funds pay shareholder servicing fees (12b-1 fees) to brokerage firms and their registered representatives in consideration of their services to the fund's shareholders. As noted below, our representatives are registered representatives of Securities Equity Group and, accordingly, may receive this type of compensation with respect to clients who invest in these funds.

Most mutual funds offer several "classes" of their shares which may be purchased by different types of investors or investors with different investment objectives. These are also described in the mutual funds' prospectuses. Depending on your investable assets, investment objectives, and time horizon, different classes may be more appropriate. We would be pleased to discuss the available classes of mutual fund shares that may be available, the different purposes for which they may be purchased, and the differences in commissions and charges that are associated with each share class.

**Variable annuities** are highly complex financial products offered by insurance companies. Investments in a variable annuity contract are subject to both general market risk and the insurance company's credit risk. These and other risks are described in the variable annuities' prospectuses. Variable annuities are regulated under both securities and insurance laws and related rules and regulations. Variable annuities offer various benefits and features which may or may not have value to you depending on your circumstances.

Like other types of investments, commissions are paid for the purchase of variable annuities and there may be substantial surrender charges. These commissions, surrender charges, and other expenses are disclosed in the prospectus. Like mutual funds, insurance companies charge a variety of fees and charges against the assets invested in the separate accounts of their policy holders. As noted above, this means that there are two layers of advisory fees incurred – one layer by the insurance company and one layer to us for advisory services.

## **DISCIPLINARY INFORMATION**

We have no legal or disciplinary events to disclose. As a registered investment advisor, we are required to disclose to you all material facts regarding any legal or disciplinary events that would be material to your evaluation of our firm or the integrity of our management.

## **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

We are affiliated by common ownership with Select Portfolio Management, Inc., another investment advisor registered with the SEC. We may refer you to Select Portfolio Management, Inc. for its advisory services. While our referrals are not specifically compensated, we will indirectly benefit from any services provided to you by Select Portfolio Management, Inc. Its services, fees, and additional important information are disclosed in its own firm brochure, which you will receive before engaging its advisory services.

We are also affiliated by common ownership with Securities Equity Group, a registered broker-dealer. Securities Equity Group is a member of FINRA and SIPC. Securities Equity Group acts as a fully disclosed introducing firm for National Financial Services, LLC, who holds client assets and executes transactions for client accounts. We are not affiliated with National Financial Services, LLC. For more information about Securities Equity Group and its brokerage services, see the discussion below under the heading, “*Brokerage Practices*.”

We are also affiliated by common ownership with SPM Insurance Services, Inc. an independent wholesale insurance agency. We may refer you to SPM Insurance Services, Inc. for insurance services available through that firm. While our referrals are not specifically compensated, we will indirectly benefit from any services provided to you by SPM Insurance Services, Inc.

Carin R. Amaradio owns and manages Select Money Management, Inc., Select Portfolio Management, Inc., Securities Equity Group and SPM Insurance Services, Inc. In addition, Daniel Amaradio, Laurie Thompson, Mark Goldsmith, Semir Amin, Gary McCarver, Park Randazzo and Carin Amaradio are all registered representatives of broker-dealer Securities Equity Group and can earn commissions on securities transactions and 12b-1 fees for mutual funds that may be recommended made by them in their capacity as a representative of our firm.

Commissions earned on variable insurance products are typically higher and in some instances substantial compared to commissions earned on mutual funds or other securities. Because of this, there exists the potential conflict of interest in the recommendation made by the representative that serves both as an advisor representative and a registered representative earning a commission on the products that are recommended by him or her. You are under no obligation to implement investment and insurance recommendations through Securities Equity Group or through any insurance companies with which representatives and/or employees of our firm are contracted. Commissions may be higher or lower at Securities Equity Group than at other broker-dealers. Full disclosure is provided to you prior to executing any transaction. Our firm and our representatives receive no commission if you choose to purchase securities through a broker-dealer other than Securities Equity Group.

Anthony Amaradio, Daniel Amaradio, Mark Goldsmith, Semir Amin, Gary McCarver, Park Randazzo and Carin Amaradio are also investment advisor representatives of affiliate Select Portfolio Management, Inc. and can earn fees on services that they may have recommended in their capacity as a representative of our firm.

Compensation paid to any one of these affiliated companies indirectly benefits the other companies. These relationships create a potential conflict of interest in our recommending the services of these affiliated companies. We address these potential conflicts by disclosing these relationships and the compensation we will earn or benefit from when you engage their services.

## **CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

We have adopted a Code of Ethics that is intended to help us put your interests first, and above our own interests. The Code of Ethics sets forth the standards of business conduct that our firm and our representatives are expected to follow. The Code of Ethics also imposes certain reporting requirements with which particular individuals associated with or employed by us must comply. We will provide a copy of our Code of Ethics to you upon request.

### **Participation or Interest in Client Transactions**

As a general proposition, our firm and our representatives may recommend to you securities that are available through registered broker-dealer Securities Equity Group, member FINRA and SIPC. Comparable securities are available through other individuals or broker-dealers at competitive rates.

Neither our firm nor our representatives (i) as principal, buys securities for themselves from or sells securities they own to a client; or (ii) as broker or agent for any person other than a client, effects transactions in which your securities are sold to or bought from a brokerage customer; or (iii) recommends to clients that they buy or sell securities or investment products in which applicant or a related person has some financial interest.

Our firm and our representatives may purchase a security recommended to you for their account; however neither our firm nor our officers, representatives and/or employees may purchase a security for their own account or the account of an immediate family member strictly for purposes of recommending or purchasing the same security for clients, and then shortly thereafter profitably selling the security for their own account or for the account of their immediate family.

## **BROKERAGE PRACTICES**

Our brokerage practices vary depending on the type of advisory services you select. If you engage our portfolio management services, you will direct us to place all securities transactions for your account through our affiliated broker-dealer, Securities Equity Group, to its clearing and custodial broker-dealer, National Financial Services. Your directing brokerage services will allow us to manage your portfolios on the same basis as other accounts. You may at any time change your direction by giving us written notice. If you direct us to use a different broker-

dealer, however, we may be limited in our ability to manage your portfolio on the same basis or under the same timing as we do for other accounts. Orders for directed and non-directed accounts cannot be aggregated or combined and may result in different execution prices and trading-related costs.

Securities transactions placed through Securities Equity Group will be executed at published commission rates and charges, which we believe to be competitive. Brokerage commissions and related charges are not included in our advisory fees. In some transactions handled through directed brokerage arrangements you could pay significantly higher commissions or charges than might be available for the same transaction in the securities industry using other broker-dealers, including discount brokers.

In some transactions handled through directed brokerage arrangements you could pay significantly higher commissions or charges than might be available for the same transaction in the securities industry using other broker-dealers, including discount brokers. When you direct that we use a specific broker-dealer other than our firm, our ability to negotiate commissions is typically precluded because we cannot use a different brokerage firm offering a lower commission rate for the transaction. Therefore, if you direct your brokerage transactions to a specific firm, we will only continue to service your account if you also direct us not to negotiate commissions. When you direct brokerage to a particular firm, you may incur substantially higher brokerage commissions on some or all transactions for your account. For example, in some transactions, differences between negotiated and non-negotiated brokerage commissions could be as much as 100 percent.

The conflicts of interest related to directing securities transactions through Securities Equity Group are described below under the heading *Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading*.

If you engage us to provide investment management services other than through our portfolio management services, our firm will act on a limited discretionary basis to determine and direct execution of your portfolio transactions. We will arrange for the execution of securities transactions for your account through brokers or dealers that we reasonably believe will provide best execution. In selecting a broker or dealer, we may consider, among other things, the broker or dealers execution capabilities, reputation and access to the markets for the securities being traded. We generally will seek competitive commission rates but will not necessarily attempt to obtain the lowest possible commission for transactions for your account.

Our representatives typically refer our clients seeking securities brokerage services to our affiliate, Securities Equity Group. This recommendation is based upon, among other things, the level of service and efficiency that is available by using the affiliated broker-dealer and the administrative convenience associated with using the same individuals in their different capacities. Securities Equity Group is an introducing broker-dealer for National Financial through whom most securities transactions (other than those held within a variable insurance contract) are cleared. Securities Equity Group does not hold any customer accounts and is not a market-maker in any security. If transactions are placed for execution by registered representatives of Securities Equity Group through other broker-dealers, those transactions would be subject to special supervision under FINRA rules and so are generally avoided because of those complexities and related costs.

## **REVIEW OF ACCOUNTS**

**Reviews and Reviewers** – Reviewers include: Anthony Amaradio, Daniel Amaradio, Mark Goldsmith, Semir Amin, Gary McCarver and Park Randazzo. All representatives are expected to provide review services as specified by our firm and the number of accounts assigned to each representative will vary. Many accounts are reviewed periodically by more than one representative. You are contacted periodically for reviews and interim financial reviews are available upon request.

**Account Reporting** – Statements showing the account value in these investments are prepared and forwarded to our clients on a quarterly basis along with the billing information. You will also receive a confirmation of each purchase and sales transaction that occurs within your account directly from the companies or custodians that hold your investments.

## **CLIENT REFERRALS AND OTHER COMPENSATION**

As described above under the heading “*Advisory Business*,” we are a solicitor for, and may recommend that you engage the services of, a third-party investment advisor through a wrap fee program. If you do, we will receive a portion of the wrap fee you pay to the program sponsor. Our solicitor’s compensation is described in the sponsor’s wrap fee brochure and in a solicitor’s disclosure statement. You will not pay the program sponsor any additional fees by virtue of our having made the referral and we do not charge any additional fees with respect to your assets invested through a wrap fee program. We will seek to assure that the fees charged to our clients by program sponsors are competitive and consistent with fees charged to that program sponsor’s other clients.

From time to time we may engage solicitors to market our services. We pay solicitors for their services, as described in a separate solicitor’s brochure that you should have received, together with a copy of this firm’s brochure, when the solicitor introduced you to our firm. The amount of compensation we pay solicitors is typically a share of the fees you pay us. The amount may vary by solicitor and may vary over time. Our method of computing the solicitor’s compensation is described in the solicitor’s brochure.

## **CUSTODY**

While we do not have physical custody of the assets held in your account, if you engage our investment management services, then we will have authority to bill your custodian for our fees and, upon billing, to receive our fees by deducting them directly from your account as described under the heading above, “*Fees and Compensation*.” This fee-deduction authority gives us the ability to obtain money from your account and so is deemed to constitute custody of your account assets.

You should receive at least quarterly statements from the broker-dealer, bank, mutual fund transfer agent, or other qualified custodian you select to hold your account assets. We urge you to carefully review your custodian’s periodic statements and to compare those records with the

reports that we periodically provide to you. Our reports are not intended to replace or supersede your custodian's periodic statements and may vary based on accounting procedures, reporting dates, or valuation methodologies, as noted under the heading above, "*Review of Accounts*."

## **INVESTMENT DISCRETION**

As explained under the heading above, "*Advisory Business*," in our portfolio management services agreement you grant us limited discretionary authority over your account, including authority to select the identity and amount of securities to be bought or sold for your benefit and risk. Similarly, if you engage us to manage your account using third-party managers, you will grant us discretion to change those managers. Our discretion will be exercised in accordance with your stated investment objectives. You may provide us with written investment guidelines or restrictions to limit our discretionary authority or we may develop an investment policy statement with you.

## **VOTING CLIENT SECURITIES**

Many of the companies who issue the securities held in your investment account will solicit proxies for the election of directors and voting on questions presented to shareholders at annual or special meetings. We do not vote proxies on your behalf. You are responsible for voting proxies. Proxy solicitation materials will be forwarded directly to you by your account custodian. If you have any questions about a particular proxy voting matter, please do not hesitate to ask.

## **FINANCIAL INFORMATION**

We have no financial liabilities, obligations, or commitment that impairs our ability to meet our contractual and fiduciary commitments to you. We have not been the subject of a bankruptcy proceeding.

## **ADDITIONAL INFORMATION**

### **PRIVACY POLICY - NOTICE REGARDING PRIVACY OF CUSTOMER INFORMATION**

This notice is provided to you on behalf of Select Money Management, Inc., Select Portfolio Management, Inc., and Securities Equity Group (collectively referred to in this notice as "we," "us," "our," or "Affiliated Companies"). Protecting our customers' privacy is of paramount importance. We recognize that an individual's financial matters are private and sensitive in nature, and we have adopted policies that assist us in protecting your privacy and, at the same time, help us to provide you with a broad range of high quality financial products and services.

This Privacy Policy will explain the types of information we collect about you, how we use and share that information, and how you can instruct us to limit certain types of information sharing. Information we obtain from all customers and former customers is treated in the same manner.

**How We Protect Your Information:**

We protect your data and safeguard it from those not authorized to see it by adopting internal policies and procedures. Under no circumstances will we sell confidential customer information to anyone.

**What Information We Collect about You:**

We collect confidential customer information from you in a number of ways for the following purposes:

- We collect information from you when you open an account or enroll in one of our services. The information we collect may include, but is not limited to: your name, address, phone number, email address, social security number and date of birth, as well as details about your investments and investment experience.
- Once you have opened an account with us, we collect and maintain confidential customer information about your account activity, including your transactions, balances, positions, and history. This information allows us to provide the services you have requested.
- We may collect information about you from information services and consumer reporting agencies to verify your identity, employment, or creditworthiness, or to better understand your financial needs.
- The law permits us to share information about our current and former customers with government agencies or authorized third parties under certain circumstances. For example, we may be required to share such information in response to subpoenas or to comply with certain laws.

**How We Share Information About You With Affiliated Companies:**

Select Money Management, Inc. ("SMM") and Select Portfolio Management, Inc. ("SPM") are federally regulated registered investment advisors affiliated via common ownership with Securities Equity Group ("SEG"), an independent broker-dealer, member of FINRA and SIPC, and with SPM Insurance Services, Inc. an independent wholesale insurance agency. We share information we collect about you among our Affiliated Companies to:

- help provide you with better service or perform services on your behalf;
- respond to communications from you or as you authorize or request;
- make it more convenient for you to open a new account; and
- allow an Affiliated Company to provide you with information about their products and services that we believe may benefit or interest you.

**You may instruct us not to share information about you with our Affiliated Companies for certain purposes, as explained under "How to Limit the Sharing of Information about You."**

**How We Share Information About You With Non-Affiliated Companies:**

We provide access to information about you to outside companies and other third parties in certain limited circumstances, including:

- to help us process transactions for your account;
- when we use another company to provide services for us, such as printing or mailing account statements;
- when we believe that disclosure is required or permitted under law. For example, we may be required to disclose personal information to cooperate with regulatory or law enforcement

authorities, to report your tax-related information to federal and state governments, to resolve consumer disputes, to perform credit/authentication checks, or for risk control.

If your SMM/SPM Wealth Manager or SEG Registered Representative leaves us to join another firm, they are permitted to retain copies of your information to facilitate the transfer of your account to a new broker-dealer or Investment Advisor in order to serve you at their new firm. Their continuing use of your information will be subject to the new firm's privacy policy. You are not obligated to transfer your account if your Wealth Manager/Registered Representative leaves us, and you may instruct us **not** to allow the sharing of information as explained.

**How to Limit the Sharing of Information about You:**

If you prefer, you may choose to limit the information we share about you with our Affiliated and Non-Affiliated Companies. Specifically, you may instruct us:

- **not** to allow our Affiliated Companies to market their financial products or services to you;
- **not** to share confidential customer information about you with a Non-Affiliated company for joint marketing purposes; and/or
- **not** to allow your Wealth Manager/Registered Representative to take your information to facilitate the transfer of your account(s) should they leave any of our Affiliated Companies.

You may exercise your choice by writing us at Select Money Management, Inc., Attn: Compliance Department, 26800 Aliso Viejo Parkway – Suite 150, Aliso Viejo, CA 92656. Your choice will be applied to you as an individual and will automatically be extended to all of your accounts with any of our Affiliated Companies. You may make your privacy choice at any time and it will remain in effect until you change it in writing.

**Safeguarding Your Information, Maintaining Your Trust:**

We take precautions to ensure the information we collect about you is protected and is accessed only by authorized individuals or organizations. Our employees are trained about privacy and are required to safeguard confidential customer information. We maintain physical, electronic, and procedural safeguards to protect confidential customer information.

**Contact Us with Any Questions:**

If you have any questions or concerns, or if you identify any information that you believe is no longer accurate, you may contact your Wealth Manager or Registered Representative or write to:

**Select Money Management, Inc.**

**Attn: Compliance Department**

26800 Aliso Viejo Parkway – Suite 150

Aliso Viejo, CA 92656.