

ITEM 1. COVER PAGE
PART 2A APPENDIX 1 OF FORM ADV: WRAP FEE BROCHURE

SEPTEMBER 2015



9454 WILSHIRE BLVD., STE. 710
BEVERLY HILLS, CA 90210

FIRM CONTACT:
MARYANNE GREENBERG, CHIEF COMPLIANCE OFFICER

WEBSITE: WWW.BHWM.COM

This brochure provides information about the qualifications and business practices of Beverly Hills Wealth Management LLC ("BHWM"). If you have any questions about the contents of this brochure, please contact our firm by telephone at (310) 859-1600. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any State Securities Authority.

Additional information about BHWM also is available on the SEC's website at www.adviserinfo.sec.gov.

Please note that the use of the term "registered investment adviser" and description of BHWM and/or our associates as "registered" does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firm's associates who advise you for more information on the qualifications of our firm and its employees.

**Item 2. Material Changes to Part 2A Appendix 1
(Wrap Fee Program Brochure) of Our Form ADV:**

BHWM is required to advise you of any material changes to our Wrap Fee Program Brochure ("Wrap Brochure") from our last annual update.

Since our last annual amendment filing on March 28, 2014, the following changes have been made:

1. Daniel Becerra is BHWM's Chief Compliance Officer.
2. Maryanne Greenberg will be replacing Mr. Becerra as our firm's Chief Compliance Officer.

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Item 4. Services, Fees & Compensation

- A. Description of our services, including the types of portfolio management services, provided under each program. We must indicate the wrap fee charged for each program, or, if fees vary according to a schedule, provide such schedule. Further, we are required to indicate whether fees are negotiable and identify the portion of the total fee, or range of fees, paid to portfolio managers.

We offer wrap fee programs as described in this Wrap Fee Program Brochure. Our wrap fee accounts are managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance, etc.

(i) Wrap Asset Management Fee Program:

BHWM Advisors emphasize continuous and regular account supervision. As part of our asset management service, we generally create a portfolio, consisting of individual stocks or bonds, exchange traded funds ("ETFs"), options, mutual funds and other public and private securities or investments. The client's individual investment strategy is tailored to their specific needs and may include some or all of the previously mentioned securities. Each portfolio will be initially designed to meet a particular investment goal, which we determine to be suitable to the client's circumstances. Once the appropriate portfolio has been determined, BHWM Advisors review the portfolio at least quarterly and if necessary, rebalance the portfolio based upon the client's individual needs, stated goals and objectives. Clients have the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio.

We offer discretionary and non-discretionary engagements. As such, clients may authorize our firm to delegate the active management of all or part of the assets to one or more independent investment managers and/or investment management programs (collectively referred to as "Independent Managers") based upon the client's stated investment objectives. The Independent Managers shall have limited power-of-attorney and trading authority over those Assets our firm directs to them for management and they shall be authorized to buy, sell, and trade in securities in accordance with the client's investment objectives as communicated by us and to give instructions in furtherance of such trading authority to the Broker-Dealer and the Custodian. Our firm may be authorized to terminate or change Independent Managers when our firm believes such termination or change is in a client's best interest. We will continue to render services to the client relative to the supervision of the Independent Managers and ongoing monitoring and review of account performance, asset allocation, and investment objectives, for which services we shall be paid the our firm's Fee.

We may pay fees compensation to Independent Managers for services rendered by these firms to clients and our firm. This compensation, is typically equal to a percentage of the overall investment advisory fee charged by our firm or an agreed upon fixed fee. The advisory fee paid to Independent Managers shall be negotiable in certain circumstances, but shall never exceed the overall amount in our published fee statement. We usually pay twenty-five (25) to seventy-five percent (75%) of the overall advisory fee to Independent Managers for their services.

Our clients acknowledge and agree that if there is not enough liquid cash in a client's accounts, we or any third party Independent Manager will instruct the relevant custodian to

liquidate the necessary positions in such accounts to cover the amount of the fees under the Agreement.

Fee Schedule

<u>Assets Under Management</u>	<u>Annual Advisory Fee</u>
Any Assets	Up to 3.00%

Our firm's fees are billed on a pro-rata annualized basis quarterly in advance based on the value of your account on the time-weighted daily average of the previous quarter.

- B. Explanation that a wrap fee program may cost you more or less than purchasing such services separately and description of the factors that bear upon the relative cost of the program, such as the cost of the services if provided separately and the trading activity in your account(s).

A wrap fee program allows our clients to pay a specified fee for investment advisory services and the execution of transactions. The advisory services may include portfolio management and/or advice concerning selection of other Investment Managers acting as sub-advisers, and the fee is not based directly upon transactions in your account. Your fee is bundled with our costs for executing transactions in your account(s). This results in a higher advisory fee to you. We do not charge our clients higher advisory fees based on their trading activity, but you should be aware that we may be charged for excess number of trades and therefore may limit our trading activities in your account(s). By participating in a wrap fee program, you may end up paying more or less than you would through a non-wrap fee program where a lower advisory fee is charged, but trade execution costs are passed directly through to you by the executing broker.

- C. Description of any fees that you may pay in addition to a wrap fee, and description of the circumstances under which you may pay these fees, including, if applicable, mutual fund expenses and mark-ups, mark-downs, or spreads paid to market makers.

You may pay custodial fees, charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses), mark-ups and mark-downs, spreads paid to market makers, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. These fees are not included within the wrap-fee you are charged by our firm.

- D. If someone recommending a wrap fee program to you, receives compensation as a result of your participation in the program, we must disclose this fact. Further, we are required to explain, if applicable, that the amount of the compensation may be more than what the person would receive if you participated in our other wrap fee program or paid separately for investment advice, brokerage and other services. Finally, we must explain that someone recommending a wrap fee program may have a financial incentive to recommend the wrap fee program over other programs or services.

Our investment advisory representatives receive a portion of the advisory fee that you pay us, either directly as a percentage of your overall fee or as their salary from our firm. In cases where our investment advisory representatives are paid a percentage of your overall advisory fee, this may create an incentive to recommend that you participate in a wrap fee program rather than a non-wrap fee program (where you would pay for trade execution costs) or

brokerage account where commissions are charged. This is because, in some cases, we may stand to earn more compensation from advisory fees paid to us through a wrap fee program arrangement if your account is not actively traded.

Item 5. Account Requirements & Types of Clients

We impose the following requirement(s) to open or maintain an account:

- Minimum total account size of \$500,000, minimum fee of \$5,000 per year. These requirements may be waived for clients that participate in our “Navigator” program or at BHEW’s discretion on a client-by-client basis.

Types of clients we typically manage wrap fee accounts on behalf of, include:

- Individuals;
- Trusts, Estates or Charitable Organizations;
- Pension and Profit Sharing Plans; and
- Corporations, limited liability companies and/or other business types

Item 6. Portfolio Manager Selection & Evaluation

- A. Description of how our firm selects and reviews portfolio managers, our basis for recommending or selecting portfolio managers for particular clients, and our criteria for replacing or recommending the replacement of portfolio managers for the program and for particular clients.

Our firm selects and reviews outside portfolio managers based on the following factors:

- past performance;
- investment philosophy;
- market outlook;
- experience of portfolio managers and executive team;
- disciplinary, legal and regulatory histories of the firm and its associates;
- whether established compliance procedures are in place to address at a minimum, insider trading, conflicts of interest, anti-money laundering.

We utilize Black Diamond Performance Reporting, a subsidiary of Advent, to calculate daily performance. Black Diamond receives daily automated data transmissions from multiple account systems and custodians and reconciles the data to ensure accurate performance results.

- B. Disclosure of whether our firm or any related persons act as a portfolio manager for a wrap fee program described in the wrap fee program brochure. We must explain the conflicts of interest that we face because of this arrangement and describe how we address these conflicts of interest. Further, we must disclose whether related person portfolio managers are subject to the same selection and review as the other portfolio managers that participate in the wrap fee program. If they are not, we must describe how we select and review related person portfolio managers.

Our firm and its related persons act as portfolio manager(s) for the wrap fee program(s) previously described in this Wrap Fee Program Brochure. This may create a conflict of interest

in that other investment advisory firms may charge the same or lower fees than our firm for similar services. Our related person portfolio managers are not subject to the same selection and review as outside portfolio managers that participate in the wrap fee program.

- C. If our firm, or any of our supervised persons covered under or investment adviser registration, act as a portfolio manager for a wrap fee program described in the wrap fee program brochure, we must respond to Items 4.B, 4.C, 4.D (Advisory Business), 6 (Performance-Based Fees and Side- By-Side Management), 8.A (Methods of Analysis, Investment Strategies and Risk of Loss) and 17 (Voting Client Securities) of Part 2A of Form ADV (Firm Brochure).

Our firm and supervised persons do act as portfolio manager(s) for a wrap fee program described in this Wrap Fee Program Brochure.

Advisory Business:

We offer individualized investment advice to clients utilizing our Wrap Asset Management service. We usually do not allow clients to impose restrictions on investing in certain securities or types of securities due to the level of difficulty this would entail in managing their account. In the rare instance that we would allow restrictions, it would be limited to our Wrap Asset Management Service. Please see Item 4 of this Wrap Fee Program Brochure for information about our wrap fee advisory programs.

Participation In Wrap Fee Programs:

Our wrap fee and non-wrap fee accounts are managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance, etc. We do not manage wrap fee accounts in a different fashion than non-wrap fee accounts.

Performance-Based Fees & Side-By-Side Management:

Our firm may charge qualified clients¹ "performance fees" – that is, fees based on a share of capital gains on or capital appreciation of the managed assets of a client. We charge performance based fees as follows:

<u>Assets Under Management</u>	<u>Annual Advisory Fee</u>
Any Assets	Up to 3.00%

Our firm's fees are billed on a pro-rata annualized basis quarterly in advance based on the value of your account on the time-weighted daily average of the previous quarter.

We also charge a performance based fee quarterly in arrears at the end of each quarter as follows:

- 20% of the net profits (i.e., profits after our management fee has been deducted) achieved for the previous quarter of account management.

¹ We are currently permitted to charge performance based fees only to clients with at least \$1,000,000 under management with our firm or a net worth of at least \$2,000,000. It is expected that the SEC will revisit this standard in the near future and tie the definition of a qualified client to inflation. It is unclear at this time whether the SEC will grandfather or exempt existing qualified clients being charged performance based fees from a greater financial threshold for meeting the qualified client standard should the definition change.

In charging performance fees to some of our client accounts, we face a conflict because we can potentially receive greater fees from client accounts having a performance-based compensation structure than from those accounts we only charge a fee unrelated to performance (e.g., an asset-based fee). As a result, we may have an incentive to direct the best investment ideas to, or to allocate or sequence trades in favor of, the account that pays a performance fee.

We have taken several important steps to ensure that our performance based accounts are not favored over our client's non-performance fee based accounts. These steps include:

1. A periodic comparison of our performance based and non-performance accounts. Our comparison will entail a review of our ten most profitable and ten least profitable (including unrealized gain or loss) investment decisions based on total return of positions opened and closed for each investment strategy or mandate offered to clients. We keep track of securities ticker symbol, purchase date, sale date, percentage of gain and/or loss, and dollar amount of the gain and/or loss. In the event that we find performance based accounts are being unduly (i.e., consistently) favored over non-performance based accounts, we would take action to address the situation. This could include allowing non-performance based accounts to trade before performance based accounts to the extent practicable, or if the problem persists, not allowing new performance based accounts, waiving our performance based fees or cancelling our performance based fee arrangements altogether and in some cases, termination of firm personnel.
2. The use of block trades and allocations made based on client's risk tolerance, investment objectives and restrictions. A periodic review of the block trade allocations to detect whether profitable trades are being disproportionately allocated to performance based accounts, while unprofitable trades are being disproportionately allocated to pure-fee based accounts with no performance fee. If our firm detects a problem in the allocation of block trades, our remedies are the same as those outlined above.

Methods of Analysis, Investment Strategies & Risk of Loss:

Methods of Analysis:

Charting. In this type of technical analysis, we review charts of market and security activity in an attempt to identify when the market is moving up or down and to predict when how long the trend may last and when that trend might reverse.

Fundamental Analysis. We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell). Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

Technical Analysis. We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement. Technical analysis does not consider the underlying

financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

Cyclical Analysis. In this type of technical analysis, we measure the movements of a particular stock against the overall market in an attempt to predict the price movement of the security.

Investment Strategies:

Long-Term Purchases. When utilizing this strategy, we may purchase securities with the idea of holding them for a relatively long time (typically held for at least a year). A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantages of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

Short-Term Purchases. When utilizing this strategy, we may also purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

Trading. We purchase securities with the idea of selling them very quickly (typically within 30 days or less). We do this in an attempt to take advantage of our predictions of brief price swings.

Short Sales. We borrow shares of a stock for your portfolio from someone who owns the stock on a promise to replace the shares on a future date at a certain price. Those borrowed shares are then sold. On the agreed-upon future date, we buy the same stock and return the shares to the original owner. We engage in short selling based on our determination that the stock will go down in price after we have borrowed the shares. If we are correct and the stock price has gone down since the shares were purchased from the original owner, the client account realizes the profit.

Margin Transactions. We will purchase stocks for your portfolio with money borrowed from your brokerage account. This allows you to purchase more stock than you would be able to with your available cash, and allows us to purchase stock without selling other holdings.

Option Writing. We may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

Please Note: Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market may increase and your account(s) could enjoy a gain, it is also possible that the stock market may decrease and your account(s) could suffer a loss. It is important that you understand the risks associated with investing in the stock market, are appropriately diversified in your investments, and ask us any questions you may have.

Voting Client Securities:

We do not and will not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our firm, we will forward them on to you and ask the party who sent them to mail them directly to you in the future. Clients may call, write or email us to discuss questions they may have about particular proxy votes or other solicitations.

Item 7. Client Information Provided to Portfolio Manager(s)

We are required to describe the information about you that we communicate to your portfolio manager(s), and how often or under what circumstances we provide updated information. Our firm communicates with your portfolio manager(s) on a regular basis as needed (daily, weekly, monthly, etc) to ensure your most current investment goals and objectives are understood by your portfolio manager(s). In most cases, we will communicate such information as part of our regular investment management duties. Nevertheless, we will also communicate information to your portfolio manager(s) when you ask us to, when market or economic conditions make it prudent to do so, etc.

Item 8. Client Contact with Portfolio Manager(s)

Clients are always free to directly contact their portfolio manager(s) with any questions or concerns they have about their portfolios or other matters.

Item 9. Additional Information

A. We are required to respond to: 1. Item 9 (Disciplinary Information); and 2. Item 10 (Other Financial Industry Activities and Affiliations) of Part 2A of Form ADV.

1. We have determined that our firm and management have no disciplinary information to disclose.
2. We have the following financial industry activities and affiliations to disclose:

Some investment adviser representatives of our firm are registered representatives with Mutual Securities, Inc., a registered broker-dealer and Member FINRA/SIPC. Our firm is not affiliated with Mutual Securities, Inc. Our investment adviser representatives may offer securities and receive normal and customary commissions as a result of securities transactions. A conflict of interest may arise as these commissionable securities sales may create an incentive to recommend products based on the compensation our investment adviser representatives may earn and may not necessarily be in the best interests of the client.

BHWM owns BHWM Insurance Services and is registered with states BHWM Insurance Services does insurance business in. As such, we may offer insurance products and receive normal and customary fees as a result of insurance sales. A conflict of interest may arise as these insurance sales may create an incentive to recommend products based on the compensation adviser and/or our supervised persons may earn and may not necessarily be in the best interests of the client.

We utilize a number of different general agents for BHWM Insurance Services. They pay BHWM Insurance Services for insurance business. These General Agent Brokerages are the

subject matter experts in insurance. There is no conflict of interest between BHWM and our clients due to this relationship.

BHWM has a minority ownership interest (less than 10%) in National Advisors Holdings, Inc. ("NAH") a Delaware corporation. The business purpose of NAH is as sole owner and operator of National Advisors Trust Company, FSB ("National Advisors Trust"), a Federal Savings Bank that offers personal trust, employee benefit services, IRA, and custodial services to clients on a national basis. National Advisors Trust is currently supervised by the Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation.

The Firm intends to recommend the services offered by National Advisors Trust on a case-by-case basis to investment advisory clients of the Firm requiring the services of a Corporate Trustee. This recommendation is for client accounts in cases where fiduciary costs, access to investment products, technology support, or other service features offered by National Advisors Trust are deemed by the Firm to be advantageous to the client account or the client when compared with other trustee or custodial services. The Firm does not directly share in any service fees charged to client accounts by National Advisors Trust.

Beverly Hills Wealth Management, LLC also holds a DBA named Maestro Advisory Services. Maestro Advisory Services is a technology business that provides platform and professional services to financial service professionals. This does not involve nor affect advisory clients and therefore poses no conflicts of interests.

Beverly Hills Wealth Management, LLC also holds a DBA for Public Agency Financial Advisory (PAFA), a wholly owned subsidiary, which provides investment management, reporting, compliance and other operational support services for public agency funds.

- B. We are required to respond to: 1. Items 11 (Code of Ethics or Interest in Client Transactions and Personal Trading); 2. Item 13 (review of Accounts); 3. Item 14 (Client Referrals and Other Compensation); and 4. Item 18 (Financial Information) of Part 2A of Form ADV, as applicable to our wrap fee clients.

1. Code of Ethics, Participation or Interest In Client Transactions & Personal Trading

We recognize that the personal investment transactions of members and employees of our firm demand the application of a high Code of Ethics and require that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, we believe that if investment goals are similar for clients and for members and employees of our firm, it is logical and even desirable that there be common ownership of some securities.

Therefore, in order to prevent conflicts of interest, we have in place a set of procedures with respect to transactions effected by our members, officers and employees for their personal accounts^[1]. In order to monitor compliance with our personal trading policy, we review the daily transactional trade blotter.

Furthermore, our firm has established a Code of Ethics which applies to all of our associated persons. An investment adviser is considered a fiduciary. As a fiduciary, it is an investment

^[1] For purposes of the policy, our associate's personal account generally includes any account (a) in the name of our associate, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which our associate is a trustee or executor, or (c) which our associate controls, including our client accounts which our associate controls and/or a member of his/her household has a direct or indirect beneficial interest in.

adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. We have a fiduciary duty to all clients. Our fiduciary duty is considered the core underlying principle for our Code of Ethics which also includes Insider Trading and Personal Securities Transactions Policies and Procedures. We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics. Our firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. However, if a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

2. Review of Accounts

BHWM Advisors are responsible for the management and review of client accounts on an ongoing basis. The nature of these reviews is to learn whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. Additional periodic reviews are performed by BHWM Compliance.

We do not provide written reports to clients, unless asked to do so. Verbal reports to clients take place on at least an annual basis when we meet with clients who subscribe to our Wrap Asset Management services.

3. Client Referrals & Other Compensation

We may pay referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm in accordance with Rule 206 (4)-3 of the Investment Advisers Act of 1940. Such referral fee represents a share of our investment advisory fee charged to our clients. This arrangement will not result in higher costs to you. In this regard, we maintain Solicitors Agreements in compliance with Rule 206 (4)-3 of the Investment Advisers Act of 1940 and applicable state and federal laws. All clients referred by Solicitors to our firm will be given full written disclosure describing the terms and fee arrangements between our firm and Solicitor(s). In cases where state law requires licensure of solicitors, we ensure that no solicitation fees are paid unless the solicitor is registered as an investment adviser representative of our firm. If we are paying solicitation fees to another registered investment adviser, the licensure of individuals is the other firm's responsibility.

4. Financial Information

We are not required to provide financial information in this Brochure because:

- We do not require the prepayment of more than \$1,200 in fees and six or more months in advance.
- We do not take custody of client funds or securities.
- We do not have a financial condition or commitment that impairs our ability to meet contractual and fiduciary obligations to clients.

We have never been the subject of a bankruptcy proceeding.