

# WRAP FEE PROGRAM BROCHURE

## Select Money Management, Inc.

120 Vantis Drive, Suite 440  
Aliso Viejo, California 92656

(949) 975-7900

**May 20, 2024**

This wrap fee program brochure (this “Brochure”) provides information about the qualifications and business practices of Select Money Management, Inc. (referred to in this Brochure as “us,” “we,” “our” or the “firm”). 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 us also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). We are a registered investment advisor. Registration of an advisor does not imply any level of skill or training.

## **TABLE OF CONTENTS**

Page

ITEM 1:	COVER PAGE .....	i
ITEM 3	TABLE OF CONTENTS.....	ii
ITEM 4	SERVICES, FEES AND COMPENSATION .....	1
ITEM 5	ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS .....	6
ITEM 6	PORTFOLIO MANAGER SELECTION AND EVALUATION .....	6
ITEM 7	CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS.....	12
ITEM 8	CLIENT CONTACT WITH PORTFOLIO MANAGERS.....	12
ITEM 9	ADDITIONAL INFORMATION.....	12
	PRIVACY POLICY - NOTICE REGARDING PRIVACY OF CUSTOMER INFORMATION .....	17

## **ITEM 4: SERVICES, FEES AND COMPENSATION**

### **Portfolio Management Services**

We offer Tactically-Managed Model Portfolios through the Select Money Management, Inc. Wrap Fee Program (the “Program”). We serve as sponsor and investment manager for the Program, which is a fee-only investment management program, offered on a discretionary basis. This Program is based on our proprietary tactical asset allocation methodology. Each of the models is designed to meet a specific goal. Portfolios are then created using separately managed accounts using mutual funds, exchange traded securities and/or individual stocks. We will assist you with selecting one of our portfolio models based on our understanding of your specific financial circumstances, anticipated future financial needs, investment goals, return objectives, investment horizon, and risk tolerance. Acting in a limited discretionary capacity, we will choose when to execute any trade for your benefit and risk. When managing an account based on a model portfolio, the timing of trades in your account will primarily depend upon the model or changes in the model and, generally, will not take into consideration how long you may have held the position indicated by the model. The Tactically-Managed Model Portfolios offered under the Program require a minimum of between \$25,000 and \$100,000 of investable assets depending on the model selected. We may waive the minimum requirements at our discretion. Custom Strategies are also available for specific client needs.

When you engage in our portfolio management services under our Program, you will direct us to place all securities transactions for your account with our affiliated broker-dealer, Securities Equity Group, member FINRA and SIPC (“SEG”), through its clearing and custodial broker-dealer, National Financial Services, LLC (“NFS, LLC”). This recommendation is based upon, among other things, the level of service and efficiency that is available by using our affiliated broker-dealer and the administrative convenience associated with using the same individuals in their different capacities. Additionally, transactions placed for execution by registered representatives of SEG through other broker-dealers would be subject to special supervision under FINRA rules and are avoided because of those complexities and the burden of related costs. However, a conflict of interest exists when you direct us to place brokerage services through SEG as SEG is limited in its ability to seek out brokers with different pricing structures or broader services, or to receive more favorable pricing on securities transactions. Therefore, by directing brokerage, clients may not receive best execution on transactions, though it is our aim to provide the most cost-effective executions based on prevailing conditions at the time of trade.

Prior to engaging us to provide our services you will be required to enter into a Portfolio Management Services Agreement with us setting forth the terms and conditions under which we will provide our services. 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 portfolios through the purchase, sale, exchange, redemption, conversion, or other disposition of investments, income, or proceeds deposited and held in your account.

**Fees**

Our standard fee schedule is as follows:

<b>Aggregate or Family Account Value</b>	<b>Tactical Equity and Tactical Equity Core Models</b>	<b>Tactical Growth, Tactical Growth Focused, Tactical Based Country Models</b>	<b>Tactical Balanced Model</b>	<b>Tactical Growth and Income</b>	<b>Tactical Fixed Income Model</b>
	<b>ANNUAL FEE</b>	<b>ANNUAL FEE</b>	<b>ANNUAL FEE</b>	<b>ANNUAL FEE</b>	<b>ANNUAL FEE</b>
\$25,000.00 - \$150,000.00	2.20%	2.10%	2.00%	1.70%	1.25%
\$150,000.01 - \$250,000.00	2.10%	2.00%	1.90%	1.60%	1.25%
\$250,000.01 - \$500,000.00	1.90%	1.80%	1.80%	1.50%	1.00%
\$500,000.01 - \$750,000.00	1.80%	1.70%	1.70%	1.40%	1.00%
\$750,000.01 - \$1,000,000.00	1.70%	1.60%	1.40%	1.25%	1.00%
\$1,000,000.01 - \$2,000,000.00	1.30%	1.20%	1.10%	1.00%	0.90%
\$2,000,000.01 - \$3,000,000.00	1.00%	0.90%	0.90%	0.80%	0.70%
\$3,000,000.01 - \$4,000,000.00	0.90%	0.80%	0.80%	0.70%	0.70%
\$4,000,000.01 - \$5,000,000.00	0.80%	0.80%	0.80%	0.70%	negotiated
\$5,000,000.00+	negotiated	negotiated	negotiated	negotiated	negotiated

**Tactical Bond Model – has a flat 1.00% annual fee for all account values.**

**Custom Models – annual fees are negotiated at the time the account is opened.**

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. In any event, we disclose your specific fee in your Portfolio Management Services Agreement. We may from time to time unilaterally amend our fees and billing arrangements. Any increase in our fee schedule will only become effective after 30-days prior written notice to existing clients.

Our fees will be billed quarterly in arrears and will be automatically withdrawn from your account pursuant to your authorization. For the purpose of determining our fees, the market value of assets under management shall be measured on each actual day your account was under our management during the billing quarter. An average daily balance shall be found by dividing the sum of the actual daily values by the number of actual days your account was under our management during the billing quarter. We will rely upon the valuations provided by the custodian without independent verification. The average daily balance shall be applied to the effective quarterly billing rate which shall be found by multiplying your annual rate by the ratio of the number of actual days your account was under our management during the billing quarter and the number of actual days in the billing year. In the event that you terminate your account prior to the end of a quarter, our final fee will either be deducted from your account in the same manner or an invoice will be sent. Unless otherwise negotiated, once your asset value exceeds the highest dollar value in the current bracket, the fee will be adjusted according to the fee schedule.

If we determine that participating in our Program is suitable for you and you agree, we will utilize our affiliated broker dealer, SEG, to provide brokerage services to your Program account. Not all investment advisors recommend their clients use a particular broker dealer. When securities for your account are purchased or sold through SEG, we seek to mitigate or remove the potential conflicts of interest created by the receipt of commissions because commissions for such transactions will not be charged to our investment advisory clients. However, in the case of new accounts transferring securities into the Program that need to be liquidated in order to align incoming assets with one or more of our models, SEG will charge you a flat ticket charge fee of \$14.95 per transaction to cover part of the clearing costs it incurs from NFS, LLC to liquidate your securities.

You will also be responsible to pay any redemption fees such as mutual fund contingent deferred sales charges otherwise known as “back-end loads” that may be imposed by a mutual fund company upon liquidation. Custodial costs not included in the Program fee include but are not limited to: custodial IRA annual maintenance fees, custodial termination fees, SEC activity assessment fees, federal funds wire transfer fees and overnight check delivery fees. No commissions or ticket charge fees will be incurred by you after liquidation of securities coming from outside accounts into the Program account for the purpose of investing in one or more of our models. For example, you will not incur commission or ticket charge fees for buy and sell transactions due to changes in the models, the rebalancing of your Program account, liquidations you request, or termination of the Program. Instead, we will absorb all ticket charge fees, if incurred.

You should know that our absorbing of such costs creates a conflict of interest because our fee includes fees that SEG is entitled to receive with respect to the placing trades on behalf of our clients participating

in the Program. Thus, because SEG is our affiliate and because we absorb all of the transaction costs, we have a financial incentive to infrequently trade our Program client accounts because infrequent trades will in some cases increase our net fee. To mitigate this conflict of interest with our Program, we have implemented policies and procedures to monitor accounts in the Program regularly for inactivity or infrequent trading. In addition, our Investment Committee oversees all model portfolio performance and makes changes to portfolios in our clients' best interest without regard to our transaction costs. When monitoring trading frequency, if we do not believe your account activity warrants the wrap-fee, we will recommend that you move your Program account to an SEG non-managed brokerage account.

### **Compensation**

We receive a portion of the wrap fee, as does your investment advisor representative, which may be an incentive to your advisory representative to recommend this Program over other programs or services. The amount of this compensation may or may not be more than what they would receive if you paid separately for investment advice, brokerage and other services. To mitigate this conflict, we and our representatives are bound to act solely in your best interest including when advising on investment programs and fee arrangements. You may be able to receive comparable services from other broker-dealers or investment advisors and pay fees that are higher or lower than those under our Program.

### **Mutual Funds Expenses and Share Classes**

Many mutual funds are offered with more than one type of fee structure, commonly known as "share classes". There are several factors to consider when selecting a mutual fund share class. For example, it is important to evaluate whether a share class involves payment of a commission at the time of purchase (commonly known as "front-end loads"), at the time of liquidation ("back-end loads"), incrementally while the investor owns the share class ("level loads") or no commission at all ("no-loads"). Share classes also differ in terms of what fees and expenses are deducted from the mutual fund's pooled investment assets, since these fees and expenses are usually not billed separately to each mutual fund shareholder. While there a variety of fees investors may encounter when purchasing a mutual fund, common fees or expenses include management fees paid to the fund's investment manager, operating expenses used to pay for the day-to-day costs incurred to operate the mutual fund, and distribution fees (known as "12b-1" fees) used to promote, advertise, or compensate financial professionals for aiding in sales of a mutual fund.

Though not all mutual fund shares classes include each of the fees or expenses described here, what remains consistent is that a mutual fund's share class with a lower total annual expense, as compared to another share class of the same fund, can result in a significant difference in investment returns over time. It is typical for mutual funds to set certain eligibility requirements, such as minimum investment amounts, for an investor to qualify for purchasing a lower cost share class. You can learn more about a specific mutual fund's available share classes and the fees, loads, expenses, and eligibility requirements by reading the mutual fund's prospectus. In addition, we encourage you to ask your representative about the fees and expenses associated with mutual funds you currently own or those presented to you.

SEG is dependent upon NFS, LLC, as its clearing firm, for having agreements in place with mutual fund distributors in order for SMM's investment advisory customers to have access to mutual funds. While

NFS, LLC has agreements in place with a large variety of mutual fund sponsors, not all mutual funds are available through NFS, LLC. Also, many mutual funds offer different share classes, often for the same fund, representing different fee and expense structures paid by shareholders of a fund. Certain classes of shares may not be available through NFS, LLC and consequently SMM clients may not have access to a lower costing share class otherwise available to investors directly from the fund, a different clearing firm, or other financial intermediary. This limitation could result in our clients purchasing and/or holding a more expensive share class of a mutual fund thereby reducing investment returns.

Despite our reasonable efforts, there is no guarantee that you will always be in the most cost advantageous share class. 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 fees to us.

NFS, LLC sponsors a “No Transaction Fee” program (the “NTF Program”) in which NFS, LLC does not charge SEG a transaction fee for purchase or sell orders SEG submits on a client’s behalf for mutual funds participating in the NTF Program. SMM and SEG both benefit from this cost savings, therefore creating a conflict in that we may be incented to recommend or use the mutual funds participating in the NTF Program for advisory client accounts over those mutual funds which do not participate. However, SEG does not influence, recommend, promote, advise, or otherwise direct SMM to select or give preference to mutual funds participating in the NTF Program over those funds which do not participate.

### **Credit for Receipt of 12b-1 Fees**

With respect to funds that pay 12b-1 fees, our intent is to limit the use of such funds by opting to use a share class of the same fund which does not include 12b-1 fee payments wherever possible. However, in cases where SEG receives 12b-1 payments from a fund, SEG’s policy is to credit the entire 12b-1 payment to Program clients’ accounts holding the asset which generated the payment from the fund. These credits are intended to, but may not guarantee the same effect as investing into a non-12b-1 class. Credits to client accounts generally occur monthly and represent the total 12b-1 fee payments credited during the preceding month.

### **Other Fees and Expenses Not Included in the Program Fee**

Custodial costs not included in the Program fee include but are not limited to: custodial IRA annual maintenance fees, custodial termination fees, SEC activity assessment fees, federal funds wire transfer fees and overnight check delivery fees. In the case of new accounts transferring securities into the Program that need to be liquidated in order to align incoming assets with one or more of our models, SEG will charge you a flat ticket charge fee of \$14.95 per transaction to cover part of the clearing costs it incurs from NFS, LLC to liquidate your securities. You will also be responsible to pay any redemption fees such as mutual fund contingent deferred sales charges otherwise known as “back-end loads” that may be imposed by a mutual fund company upon liquidation. These charges will be netted from the applicable securities transactions or deducted from your account and will appear on your periodic account statements, as and when applicable.

## **ITEM 5: ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS**

### **Account Requirements**

The Tactically-Managed Model Portfolios offered under the Select Money Management, Inc. (“SMM”) Wrap Fee Program require a minimum of between \$25,000 and \$100,000 of investable assets depending on the model selected. See “*Investment Strategy*” section for specific requirements for each Model. We may waive the minimum requirements at our discretion.

### **Types of Clients**

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

## **ITEM 6: PORTFOLIO MANAGER SELECTION AND EVALUATION**

### **Advisory Business**

We are the portfolio manager and sponsor for all accounts in our Program. We also offer investment management services to identify, monitor, and manage unaffiliated third-party investment managers (sometimes referred to as “Managing the Managers”). We also act as solicitor for, and offer advice about other wrap fee programs sponsored by unaffiliated investment advisors (also known as, third-party wrap fee programs). If you use the services of an unaffiliated third-party investment manager or advisor, you will enter into a separate written agreement setting forth the terms and conditions of your engagement with them, describing the scope of services and related fees.

### **Performance-Based Fees and Side-By-Side Management**

We do not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of your assets). Also, the firm does not utilize the side-by-side management approach.

### **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 revenue 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 revenue 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 are reliable and we regularly depend on these resources for making our investment decisions.

## **Investment Strategies**

The following is a general summary of the investment strategies used in our Tactically Managed Model Portfolios.

### **Tactical Bond Model \$25K Minimum**

The Tactical Bond Model Portfolio uses a laddered allocation of individual bonds with a reasonably consistent yield and short-term maturities. This model portfolio seeks to achieve this yield with low volatility and is designed for investors to hold to maturity. In most model positions maturity will be within 1-3 years. The Tactical Bond Model Portfolio seeks exposure to fixed income managers and may contain mutual funds, and/or exchange traded securities.

**Tactical Fixed Income Model \$25K Minimum**

The Tactical Fixed Income Model Portfolio is a yield-focus model that derives its yield from multiple asset classes within the fixed income space. The Tactical Fixed Income Model focuses more on yield than principal stability. This model portfolio is well-suited for those seeking income with fluctuating price levels. The Tactical Fixed Income Model Portfolio seeks exposure to fixed income managers and may contain mutual funds and/or exchange traded securities.

**Tactical Growth & Income Model \$25K Minimum**

The Tactical Growth & Income Model Portfolio seeks to provide a combination of yield production utilizing bonds and moderate equities. Holdings will be based on the highest rated managers within our carefully selected investment choices. The Tactical Growth and Income Portfolio may contain mutual funds, and/or exchange traded securities.

**Tactical Balanced Model \$25K Minimum**

The Tactical Balanced Model Portfolio is designed for moderate investors seeking a balance of equity and fixed income. The Tactical Balanced Model Portfolio seeks exposure to equity and fixed income managers and may contain mutual funds and/or exchange traded securities. We evaluate 7 broad-based asset classes weekly to determine the highest ranking based on model computations. Changes in asset weightings can change within the equity and fixed income asset classes.

**Tactical Equity Core Model 100K Minimum**

The Tactical Equity Core Model Portfolio is a growth portfolio focusing on individual stocks from highly capitalized industry and sector leaders that typically pay dividends. The model uses both fundamental and technical analysis to determine the stocks held in the portfolio.

**Tactical Equity Model \$100K Minimum**

The Tactical Equity Model Portfolio is a growth portfolio focusing on individual stocks that have historically consistent payment of dividends as well as growth. The model uses both fundamental and technical analysis to determine the stocks held in the portfolio. Approximately 1/2 of the portfolio is allocated into “core” (consistent dividend paying companies) and approximately 1/2 in “satellite” (growth-oriented companies).

**Tactical Growth Model \$25K Minimum**

The Tactical Growth Model Portfolio is a sector-based model analyzing up to 40 market sectors weekly. We allocate in the top 8 to 10 sector groups with the highest relative strength ranking within our model computations. It is our objective within the group of sectors we track to isolate those that show the best potential upside, even in down markets. The Tactical Growth Model Portfolio seeks capital appreciation through sector mutual funds and/or exchange traded securities.

**Tactical Growth Focused Model \$25K Minimum**

The Tactical Growth Focused Model Portfolio is a sector-based model for investors that can tolerate slightly higher risk than our Tactical Growth Model Portfolio. This additional risk comes from having the portfolio concentrated in fewer sector groups. In this model portfolio we allocate in the top 5 to 7 sector groups with the highest relative strength ranking within our model computations. It is our objective within

the group of sectors we track to isolate those that show the best potential upside, even in down markets. The Tactical Growth Focused Model Portfolio seeks capital appreciation through sector mutual funds and/or exchange traded securities.

### **Tactical Based Country Model \$100K Minimum**

The Tactical Based Country Portfolio seeks out opportunities within various countries identifying the strongest country exchange-traded securities based on our model rankings. The model groups up to 5 of the highest ranked countries together for diversification. By utilizing exchange traded securities, the model can easily change amongst these various specific countries within our model. The tactical aspects assure that the positions are closely monitored and managed throughout the year. Investors allocating funds to this model should be able to withstand greater volatility while seeking higher growth potential.

### **Custom Strategies**

Custom Strategies are also available for specific client needs. Please ask your Advisor for information on related fees and minimums for Custom Strategies.

### **Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. Stocks, bonds, mutual funds, variable products, annuities, and other types of investments all bear different types and levels of risk. Upon request, we can discuss 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 Program, we use a proprietary methodology to determine when to buy or sell 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. 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 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, 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 the Agreement, or (2) the account(s) will be managed without charge for a term to be determined by us.

While we seek to 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. Ask questions about investment risks you do not understand. Our representatives will be able to discuss them with you.

We strive to render our best judgment on behalf of our clients. However, 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, 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 do.
- **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 to 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. Mutual funds typically invest in a large number of different companies, typically lowering the risk that occurs when the investment consists of only one or a smaller number of companies.
- **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, even 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 a particular bond is not held 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.
- **ETF-tracking error risk.** The ETF's goal is to track a specific market index or asset, normally referred to as "fund target index". The discrepancy between the ETF's performance and the performance of its target index is known as "tracking error". A variety of factors can create a performance gap between an ETF and its target index such as the impact of transaction fees and expenses incurred by the ETF, changes in composition of the underlying index/assets, the ETF manager's replication strategy and sampling techniques, and the timing of purchases and redemptions of fund shares.
- **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.
- **Portfolio Model Risk.** 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.

### **Voting Client Securities**

As a matter of firm policy and practice, we will not be responsible for responding to proxies that are solicited with respect to annual or special meetings of shareholders of securities held in your account. Proxy solicitation materials will be forwarded to you by your custodian for response and voting. If you have any questions about a particular proxy voting matter, please do not hesitate to ask.

## **ITEM 7: CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS**

As the portfolio manager, our investment advisor representatives have access to all of the information you provide to us, including financial information. Our firm has adopted a Privacy Policy which restricts our firm and our investment advisor representatives' use of and access to your non-public personal information. In order for us and our investment advisor representatives to effectively manage your account and assist in meeting your financial objectives, we ask you to update us as soon as possible when any changes to personal or financial information occur. A complete copy of our Privacy Policy is attached at the end of this Brochure.

## **ITEM 8: CLIENT CONTACT WITH PORTFOLIO MANAGERS**

You may contact or consult with us at any time regarding the Program or your account by calling (949) 975-7900 during business hours. We are open Monday through Friday from 8:30 a.m. to 5:00 p.m.

## **ITEM 9: ADDITIONAL INFORMATION**

### **Disciplinary Information**

As a registered investment advisor, we are required to disclose 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.

In February 2018, the Securities and Exchange Commission launched an Initiative to address its concerns that investment advisors were not adequately disclosing or acting consistently with the disclosure regarding conflicts of interest related to their mutual fund share class selection practices. The Initiative enabled investment advisory firms to voluntarily participate in the Initiative and to review their practices for the period of 1/1/2014 through 6/30/2018, self-report their findings to the SEC and offer to refund certain mutual fund 12b-1 fees to affected clients.

On March 11, 2019, Select Money Management, Inc. entered into a voluntary settlement agreement with the SEC with respect to the Initiative. As provided under the Initiative, the SEC did not impose penalties against the settling investment advisors or us.

Each of the settling investment advisors, including our firm, consented to cease-and-desist orders finding violations of Section 206(2) and, with respect to SEC registered investment advisors, Section 207 and a censure. The firms, including our firm, also agreed to refund the inadequately disclosed fees, with interest, to affected advisory clients. Each advisor, including our firm, has also undertaken to review and expand the disclosures concerning mutual fund share class selection and 12b-1 fees, and to evaluate whether existing clients should be moved to an available lower-cost share class and move clients, as necessary. Select Money Management, Inc. has completed this review and analysis and implemented all necessary changes.

## **Other Financial Industry Activities and Affiliations**

We are affiliated by common ownership with Select Portfolio Management, Inc. (“SPM”), another investment advisor registered with the SEC. We may refer you to SPM for its advisory services, which include, but are not limited to, investment planning, retirement planning, estate planning, education planning, and asset protection planning. Its services, fees, and additional important information are disclosed in its own firm brochure, which you will receive before engaging in its advisory services. Tony Amaradio, Daniel Amaradio, Semir Amin, Mark Goldsmith, Gary McCarver, and Carin Amaradio are also investment advisor representatives of affiliate SPM and may earn fees on services that they may have recommended.

We are also affiliated by common ownership with broker-dealer, SEG, which is a fully-disclosed introducing broker-dealer for NFS, LLC, who holds client assets and executes transactions for client accounts. SEG is not affiliated with NFS, LLC. Daniel Amaradio, Semir Amin, Mark Goldsmith, Gary McCarver, and Carin Amaradio are all registered representatives of broker-dealer SEG and may earn commissions on securities transactions that they may have recommended. Commissions may be higher or lower at SEG than at other broker-dealers. Our firm and our representatives receive no commission if you choose to purchase securities through a broker-dealer other than SEG.

We are also affiliated by common ownership with SPM Insurance Services, Inc. (“SPMI”), an independent general insurance agency. We may refer you to licensed agents of SPMI for fixed annuity and insurance products. Daniel Amaradio, Mark Goldsmith, Gary McCarver, and Carin Amaradio have insurance licenses and may earn commissions on fixed insurance and annuity products that they may have recommended. Commissions earned on insurance products are typically higher and, in some instances, substantial compared to commissions earned on mutual funds or other securities.

## **Portfolio Management Services-Wrap Fee Program**

When you engage our wrap account services under the Program, we provide both portfolio management and brokerage services for a wrap fee. In order to offer this combination of services, you will direct us to place all securities transactions for your account with our affiliated broker-dealer, SEG. SEG will execute trades for your managed account through its clearing and custodial broker-dealer, NFS, LLC which provides the trading and custodial platform that enables us to efficiently manage all of our wrap accounts using the same investment models we create and maintain. Directing brokerage through our affiliated broker-dealer allows us to coordinate and control both investment management and brokerage services by using the same individuals in their different capacities with SMM and SEG. For both economic and operational reasons, we cannot offer wrap account services using other broker-dealers.

## **Consequences of Directed Brokerage**

You can obtain advisory services without directing brokerage services. Not all investment advisors require their clients to direct brokerage services for their advised accounts. Some of the consequences of your directing brokerage to SEG/NFS, LLC will include:

- We are limited in our ability to trade through other broker-dealers, which may include market-makers and specialists in certain securities that may offer better pricing in those securities;
- As the directed broker-dealer, SEG is limited in its ability to trade through other broker-dealers;
- We will not shop brokerage services and fees on a transaction-by-transaction basis; doing so would substantially increase our staffing and operational costs that would be passed through to clients in higher account-related fees and charges;
- We will not use third-party brokers with different pricing structures or different services that could be more beneficial in some transactions; other broker-dealers may offer more favorable pricing, fees, and charges in certain securities;
- You will pay more brokerage fees and charges in some transactions;
- You will not get the best pricing in every securities transaction for your account;
- Your cost (considering both pricing and fees/charges) will be higher in some transactions.

### **Brokerage-Related Conflicts of Interest**

A conflict of interest exists when you direct (or we use) SEG to place brokerage services. These conflicts of interest include:

- We are affiliated with SEG by common ownership;
- We will benefit indirectly from additional compensation earned by SEG from its brokerage services; and
- We will benefit from investment-related products and services made available to SEG by its clearing broker-dealer, NFS, LLC.

We seek to mitigate these conflicts of interest by disclosing to you the conflicts ahead of time in this Brochure and by seeking to keep your best interest as our focus through monitoring any such recommendations and periodically reviewing them for suitability. Our advisory representatives are also obligated to employ a standard of care and comply with your investment guidelines and restrictions when recommending securities or portfolio management strategies. You are also under no obligation to accept our recommendations with respect to using any of our affiliates for portfolio management, brokerage, or insurance products.

### **Code of Ethics**

We have adopted a Code of Ethics (the “Code”) pursuant to Rule 204A-1 under the Advisors Act describing the standards of business conduct we expect all officers, directors, employees and investment advisory representatives to follow. In summary, the Code prohibits our employees from taking inappropriate advantage of their positions and the access to information concerning the investments or investment intentions of our clients, or their ability to influence such investment intentions, for personal gain or in a manner detrimental to the interests of its clients. Rule 204A-1 makes it unlawful for our employees to engage in conduct which is deceitful, fraudulent, or manipulative, or which involves false or misleading statements in connection with the purchase or sale of securities. The Code acknowledges the general principles that we, along with our employees: (1) owe a fiduciary obligation to its clients, (2) have the duty at all times to place the interests of their clients first, (3) must conduct all personal securities



transactions in such a manner as to avoid any actual or potential conflict of interest or abuse of an individual's position of trust and responsibility, (4) should not take inappropriate advantage of their positions in relation to client accounts, (5) must comply with the federal securities laws, and (6) must safeguard non-public information. The Code also describes certain reporting requirements with which particular individuals associated with or employed by us must comply. We will provide a copy of the Code to any client or prospective client upon request.

### **Participation or Interest in Client Transactions and Personal Trading**

Our employees may, from time to time, buy or sell securities for their own accounts that are the same as, similar to, or the opposite of those that we recommend to you for purchase or sale. Differences can arise due to variations in personal goals, investment horizons, risk tolerance and the timing of purchases and sales. Our Chief Compliance Officer or one of her designees receives and reviews the quarterly brokerage statements belonging to employees for possible conflicts of interest.

### **Review of Accounts**

**Reviews-** On at least a quarterly basis, and more frequently as we determine, we will review the model or custom portfolio governing the investments in your account, your account statements, and your account performance. Based upon our periodic reviews, we may make changes in the model or custom portfolio and we may place orders for the purchase and sale of securities to implement these changes.

**Reviewers-** Reviewers include: Tony Amaradio, Daniel Amaradio, Semir Amin, Mark Goldsmith, and Gary McCarver. 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 on a regular basis by more than one representative. You are contacted periodically for reviews and interim financial reviews are available upon request.

### **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/manager. 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/manager 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/managers are competitive and consistent with fees charged to that program sponsor's/manager'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 would receive, together with a copy of this firm's brochure, when the solicitor introduces 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.

Compensation paid or received in connection with these relationships creates potential conflicts of interest that you should carefully consider in evaluating and acting upon our recommendation.

**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.

## **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., Securities Equity Group, and SPM Insurance Services, Inc. (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 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. (“SPMI”), an independent general insurance agency. We may 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
- 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*, below.

### **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 Investment Advisor Representative 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 Investment Advisor Representative or SEG 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
- **not** to allow your SMM/SPM Investment Advisor Representative or SEG 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, 120 Vantis Drive – Suite 440, 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 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 SMM/SPM Investment Advisor Representative, SEG Registered Representative, or write to:

**Select Money Management, Inc.**  
**Attn: Compliance Department**  
**120 Vantis Drive – Suite 440**  
**Aliso Viejo, CA 92656**  
**1-800-445-9822**