MIRACLE MILE ADVISORS

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Firm Brochure
March 2020

This brochure provides information about the qualifications and business practices of Miracle Mile Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at the telephone number and/or e-mail address above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or any state securities authority. Miracle Mile Advisors, LLC is a registered investment advisor. Registration of an investment advisor does not imply any level of skill or training. The verbal and written communications of an investment adviser provide you with information you need to determine whether to hire or retain the advisor. Additional information about Miracle Mile Advisors, LLC is also available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2: MATERIAL CHANGES & CLIENT RELATIONSHIP SUMMARY

Revised March 23, 2020

Miracle Mile Advisors, LLC ("MMA") is required to advise clients of any material changes to our Firm Brochure ("Brochure") from our last annual update. If you are receiving this brochure for the first time, this section may not be relevant to you.

MMA reviews and updates our brochure at least annually to confirm that it remains current. MMA has not made any material changes since the last annual update as of March 29, 2019.

Client Relationship Summary

Miracle Mile Advisors, LLC (CRD# 143483)

Our firm, Miracle Mile Advisors, LLC, is registered as an investment adviser with the U.S. Securities and Exchange Commission. Brokerage and investment advisory services and fees differ and it is important for you to understand these differences. Free and simple tools are available to research firms and financial professionals at **Investor.gov/CRS**, which also provides educational materials about broker-dealers, investment advisers, and investing.

Relationships and Services

What investment services and advice can you provide me?
Services: We offer investment advisory services to retail investors. These services include comprehensive investment management which is a combination of discretionary portfolio management and financial planning or consulting. We work closely with you to identify your investment goals and objectives, as well as risk tolerance and financial situation in order to develop an investment approach.
Accounts, Investments, and Monitoring: We provide services to individual, joint, retirement, trust and estate accounts. We primarily use exchange traded funds, individual bonds and mutual funds in constructing portfolios. On a case by case basis, we may recommend the use of options as well as the use of illiquid investments such as private investment funds, hedge funds, and structured notes. We do not make available or offer advice with respect to only proprietary products or a limited menu of products or types of investments. As part of our services, we monitor portfolios and securities in accounts on a regular and continuous basis. We also meet with you at least annually, or more frequently, depending on your needs.
Investment Authority: We provide our services on a perpetual and discretionary basis. We execute investment recommendations in accordance with your investment objectives without your prior approval of each specific transaction. Our engagement will continue until you notify us otherwise in writing.
Account Minimums & Other Requirements: We generally require a minimum relationship size of $750,000 in order to effectively implement our investment process. This amount may be waived or reduced at our sole discretion.
Additional Information: For more detailed information on our relationships and services, please see Item 4 – Advisory Services, Item 13 – Review of Accounts and Item 7 – Types of Clients of our Form ADV Part 2A available via our firm's **Investment Adviser Public Disclosure Page**.
Conversation Starters: *Given my financial situation, should I choose an investment advisory service? Why or why not? How will you choose investments to recommend to me? What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean?*

Fees, Costs, Conflicts, and Standard of Conduct

What fees will I pay?
Asset-Based Fees: Our asset-based fees for comprehensive investment management services range up to 1.25% annually. This fee is collected on a quarterly basis and calculated as a percentage of the value of the cash and investments in your account[s] that we manage. This presents a conflict of interest as we are financially incentivized to encourage you to place more assets in your advisory account as you will pay more in advisory fees.
Other Fees & Costs: In addition to our advisory fee, you will also be responsible for third party manager fees, custody fees, account administrative fees, fees and expenses related to mutual funds and exchange-traded funds and applicable securities transaction fees.
Additional Information: You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying. For more detailed information on our fees, please see Item 5 – Fees and Compensation of our Form ADV Part 2A available via our firm's **Investment Adviser Public Disclosure Page**.
Conversation Starters: *Help me understand how these fees and costs might affect my investments. If I give you $10,000 to invest, how much will go to fees and costs, and how much will be invested for me?*

What are your legal obligations to me when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?
When we act as your investment adviser, we have to act in your best interest and not put our interests ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you. Here is an example to help you understand what this means. Our firm is dually licensed as an insurance agency. In addition to our services, when it's deemed to be in your best interest, financial professionals will offer you insurance products as an insurance agent. The fees charged for the implementation of insurance products are separate from our investment advisory fees, where our firm will earn commission-based compensation for the implementation of insurance products sold. Therefore, there is a financial incentive to recommend that you implement insurance through us.
Additional Information: For more detailed information, please see Item 10 – Financial Industry Activities and Affiliations, Item 12 – Brokerage Practices and Item 14 – Client Referrals and Other Compensation of our Form ADV Part 2A available via our firm's **Investment Adviser Public Disclosure Page**.
Conversation Starters: *How might your conflicts of interest affect me, and how will you address them?*

How do your financial professionals make money?

Our financial professionals are compensated based upon different structures. This includes either an agreed-upon salary or compensation based on the amount of assets that the financial professional advises on, or a combination of both. This means that, in some cases, financial professionals have an incentive to increase the asset size in the relationship or solicit new business, taking time away from the day-to-day servicing of existing clients.

Disciplinary History

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

Yes. You can visit **Investor.gov/CRS** for a free and simple search tool to research our firm and our financial professionals.

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

Additional Information

You can find additional information about our investment advisory services by of viewing our Form ADV Part 2A available via our firm's **Investment Adviser Public Disclosure Page** and searching with our CRD# 143483 or by visiting **https://miraclemileadvisors.com/**. You can request up to date information and a copy of our client relationship summary by contacting us at **info@miraclemileadvisors.com** or **(310) 246-1243**.

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

ITEM 3: TABLE OF CONTENTS

ITEM 4: ADVISORY BUSINESS

Who We Are

Miracle Mile Advisors, LLC (referred to as "we," "our," "us," or "MMA"), has been registered as an investment advisor since May 2007. Prior to March 2010, the registration was held in the name of Miracle Mile Advisors, Inc. Our firm is majority owned by Brock Moseley and Duncan Rolph.

Services We Offer

Portfolio Management

MMA provides fee-based portfolio management services on a discretionary basis, financial planning and/or financial consultation services. MMA believes that the most important investment decision for any investor is the asset allocation decision. As a result, our aim is to develop a customized asset allocation for each client based on his/her specific risk/reward profile and investment goals. We use proprietary analytics programs including, monte-carlo analysis and time-period analysis to shape our allocation selections. We then populate that allocation with carefully selected investment products, such as exchange traded funds ("ETFs"), individual bonds and mutual funds. On a case by case basis, our firm may recommend the use of options as well as the use of illiquid investments such as private investment funds, hedge funds, and structured notes. Lastly, we actively manage the client's asset allocation through the ongoing monitoring, selection, and rebalancing of client investment holdings. Many clients request that we maintain positions in certain concentrated individual securities. In those instances, we will create a portfolio around the individual securities previously held by the client.

For accounts managed by advisers based in our Newport Beach, CA office location ("Newport Clients"), investments will be made primarily in equities of individual companies listed on U.S. stock exchanges. Investments for Newport Clients may also include foreign securities, ETFs (including leveraged and inverse ETFs), mutual funds, options, U.S. Treasury securities, and debt issues of corporations and government entities.

We may utilize other investment advisory firms ("Independent Managers"), upon client consent, where we design an investment portfolio on a fee-only basis for a percentage of assets in conjunction with the Independent Manager. Before selecting an Independent Manager, we make sure that the Independent Manager is properly licensed or registered.

Retirement Plan Consulting

Our firm provides retirement plan consulting services to employer plan sponsors on an ongoing basis. Generally, such services consist of assisting employer plan sponsors in establishing, monitoring and reviewing their company's participant-directed retirement plan ("Plan"). As the needs of the Plan sponsor dictate, areas of advising could include: investment options, plan structure and participant education. Services typically include:

- Assist in the Development of Plan Structure
- Establish an Investment Policy Statement – Develop a statement that summarizes the investment goals and objectives along with the broad strategies to be employed to meet Plan objectives.
- Investment Options – Work with the Plan sponsor to evaluate existing investment options and make recommendations for appropriate changes.
- Asset Allocation & Portfolio Construction – Develop strategic asset allocation models to aid Plan participants in developing strategies to meet their investment objectives, time horizon, financial situation and tolerance for risk.

In providing services for retirement plan consulting, our firm does not provide any advisory services with respect to the following types of assets: employer securities, real estate (excluding real estate funds and publicly traded REITS), participant loans, non-publicly traded securities or assets, other illiquid investments, or brokerage window programs. All retirement plan consulting services shall be in compliance with the applicable state laws regulating retirement consulting services. This applies to client retirement accounts or other employee benefit plan accounts that are governed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). If the client accounts are part of a Plan, and our firm accepts appointment to provide services to such accounts, our firm acknowledges its fiduciary standard within the meaning of Section 3(21) or 3(38) of ERISA as designated by the Retirement Plan Consulting Agreement with respect to the provision of services described therein.

Tailoring of Advisory Services

Our firm offers individualized investment advice to portfolio management clients. General investment advice will be offered to retirement plan consulting clients as needed. Each portfolio management client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio. Restrictions on investments in certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account.

Participation in Wrap Fee Programs

Our firm does not offer a wrap fee program to clients.

Assets Under Management

As of December 31, 2019, we manage assets of $1,470,252,353 on a discretionary basis and $5,309,271 on a non-discretionary basis.

ITEM 5: FEES & COMPENSATION

Advisory Fees & Billing Practices

Portfolio Management

The maximum annual fee to be charged for our services will not generally exceed 1.25% of the assets under management. The fee assessed to the client account(s) will be detailed in our firm's Investment Management Agreement. The detailed fee schedule shall be applied to the market value of the account's assets as reasonably determined by our firm. Fees are negotiated with each client prior to the inception of the relationship based on the size and complexity of a client's account(s).

Our firm's primary fees for most client account(s) are billed on a pro-rata annualized basis either quarterly in advance based on the value of the account(s) on the last day of the previous quarter or in arrears based on the value of the account(s) on the last day of the quarter. If accounts are opened or transferred to our firm mid-quarter, initial advanced billing will be based on the value of the account's assets initially transferred. The billing cycle will be detailed in the Investment Management Agreement to be signed by the client. Fees will be adjusted for deposits and withdrawals made during the quarter and will be deducted from the client's managed account(s). As part of this process, clients understand and acknowledge the following:

a) The chosen independent custodian sends statements at least quarterly to clients, showing the market values for each security included in the assets and all disbursements in the account including the amount of the advisory fees paid to us;
b) Clients provide authorization permitting us to be directly paid by these terms. We send our invoice directly to the custodian; and
c) If we send a copy of our invoice to clients, it will include a legend urging the comparison of

information provided in our statement with those from the qualified custodian.

For Newport Clients, MMA bills fees based on either the average daily value of the account or the average of the account's month-end balances for the three calendar months included within the applicable quarter. The maximum annual fee to be charged will not generally exceed 1.30% for equity and balanced accounts or 0.50% for fixed income accounts. Fees are billed quarterly, in arrears.

In the event our firm utilizes an Independent Manager, upon client consent, a client's total fee may exceed our maximum primary annual fee of 1.25% of assets under management. Clients will be provided with a copy of the Independent Manager's Form ADV Part 2, the Independent Manager's privacy policy, and additional custodial paperwork authorizing the deduction of fees by the chosen Independent Manager. A direct agreement between the client and the Independent Manager may be required on a case-by-case basis.

MMA may alternatively charge a fixed fee. Fixed fees are billed quarterly in advance or arrears as specified in the agreement with the client. A client's fixed fee may exceed our maximum primary annual fee of 1.25% of assets under management.

MMA reserves the right to negotiate and charge fees that may exceed our maximum primary annual fee of 1.25% of assets under management on a per account basis.

Also, MMA may waive or elect not to charge management fees on certain assets for clients that are also business management clients of the accounting firm Goodfriend and Jacobs. See ***Item 10 – Other Financial Industry Activities and Affiliations*** for disclosures on this firm.

Private Funds

The fees charged to a private fund are separate and distinct from the advisory fees charged by MMA. The private fund fees are outlined in the offering documents. Client assets invested in a private fund, recommended by MMA, are included as part of the client's managed account for purposes of determining MMA's advisory fee above on a case by case basis. Clients may be able to invest directly in the private fund at a lower fee rate, separate from MMA's overall supervision of the portion included in the client's assets under management.

Alternative Services Reporting

MMA from time to time purchases or recommends alternative investments and/or complex alternative investments for certain suitable clients. A fee will be charged for our administrative and reporting services provided in connection with such investments. The fee charged will be based upon .50% per annum of the value of all the alternative investments held in the client portfolio. Additionally, complex alternative investments (for e.g., a direct investment in or financing of solar panel construction would constitute a complex alternative investment) would be charged an additional .50% per annum of the value of all complex alternative investments. The valuation basis upon which the administrative fee will be determined will not include any leverage employed by the underlying investment.

Retirement Plan Consulting

Our retirement plan consulting services are based on the percentage of Plan assets under management. Fees will not exceed 1.00%. The total fee assessed is based on the scope and complexity of our engagement with the client. The fee-paying arrangements for retirement plan consulting services will be determined on a case-by-case basis and will be detailed in the signed consulting agreement. Fees will either be deducted from the Plan or invoiced directly to the client.

Other Types of Fees & Expenses

Clients will incur transaction charges for trades executed in their accounts. These transaction fees are separate from our firm's advisory fees and will be disclosed by the chosen custodian. Clients may also pay 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, initial or deferred sales charges, mutual fund sales loads, 12b-1 fees, surrender charges, variable annuity fees, IRA and qualified retirement plan fees, and other fund expenses). Our firm does not receive a portion of these fees. Additional information about brokerage costs and services is provided in "Item 12: Brokerage Practices."

Termination

Either party may terminate the Investment Management Agreement signed with our firm for Portfolio Management services in writing at any time. Unless otherwise agreed to, billing will terminate 7 days after receipt of the notice of termination. For clients charged in advance, our firm will process a pro-rata refund of the unearned portion of the advisory fees charged in advance at the beginning of the quarter. For clients charged in arrears, upon notice of termination, pro-rata advisory fees will be charged to client's account(s) for services rendered. If advisory fees cannot be deducted, we will send an invoice for due advisory fees. Clients will incur charges for bona fide advisory services rendered up to the point of termination (determined as 7 days from receipt of said written notice) and such fees will be due and payable.

Either party to a Retirement Plan Consulting Agreement may terminate at any time by providing written notice to the other party. Full refunds will only be made in cases where cancellation occurs within 5 business days of signing an agreement. After 5 business days from initial signing, either party must provide the other party 30 days written notice to terminate billing. Billing will terminate 30 days after receipt of termination notice. Clients will be charged on a pro-rata basis, which takes into account work completed by our firm on behalf of the client. Clients will incur charges for bona fide advisory services rendered up to the point of termination (determined as 30 days from receipt of said written notice) and such fees will be due and payable.

Compensation for the Purchase or Sale of Securities

Our firm does not receive compensation for the purchase or sale of securities in our advisory accounts. See additional information under Item 10 – Insurance Agency.

ITEM 6: PERFORMANCE-BASED FEES & SIDE-BY-SIDE MANAGEMENT

Our firm does not charge performance-based fees.

ITEM 7: TYPES OF CLIENTS

MMA clients are primarily families with multiple types of accounts including individual accounts, personal trust accounts, family trust accounts, and Individual Retirement Accounts (including SEP IRAs, Roth IRAs, Rollover IRAs and Traditional IRAs). Additionally, our clients also include pension and profit-sharing plans, charitable organizations, and corporations or other businesses.

Generally, we require that clients maintain $750,000 under management with us. We may, however, waive any minimum at our sole discretion.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES & RISK OF LOSS

We use proprietary analytics programs including, monte-carlo analysis and time- period analysis to formulate our allocation models. We then populate that allocation with carefully selected investment products, such as exchange traded funds ("ETFs"), individual bonds and mutual funds. On a case by case basis, our firm may recommend the use of illiquid investments such as private investment funds, hedge funds, and structured investments. Lastly, we actively manage the client's asset allocation through the ongoing monitoring, selection, and rebalancing of client investment holdings. Many clients request that we maintain positions in certain concentrated individual securities. In those instances, we will create a portfolio around the individual securities previously held by the client.

All investments involve different degrees of risk that clients should be prepared to bear. Clients should be aware of their risk tolerance level and financial situations at all times. We cannot guarantee the successful performance of an investment and we are expressly prohibited from guaranteeing accounts against losses arising from market conditions. Past or historical returns are not indicators of future returns. An investment in any type of security may lose money.

The primary type of security we use to populate our allocations are ETFs. Since all of these funds are traded on a public exchange, they are subject to the same risks of any publicly traded security including an unanticipated early closing of an Exchange which could result in a shareholder’s inability to buy or sell fund shares on that day. Investments in public securities, in general, are subject to the market risks that may cause their prices to fluctuate over time. Unlike many investment funds, ETF funds may not be "actively" managed. This means that, based on market and economic conditions, the fund's performance could be lower than other types of mutual funds that may actively shift their portfolio assets to take advantage of market opportunities or to lessen the impact of a market decline. Tracking error risk refers to the risk that the ETF provider may not be able to cause the fund's performance to match or correlate to that of the fund's underlying index, on a daily or aggregate basis. Tracking error risk may cause the fund's performance to be less than clients expect. Shares may trade below their net asset value ("NAV"). The NAV of shares will fluctuate with changes in the market value of the fund's holdings. In addition, although the fund's shares are currently listed on the exchange, there can be no assurance that an active trading market for shares will be developed or be maintained.

We use a blend of bottom up security valuation analysis and top down economic analysis when constructing portfolio allocations. Hence, the decisions that MMA makes as to ETF selection and weighting of various industries may cause client portfolios to vary materially from the general market. In some circumstances we will build bond portfolios by selectively purchasing individual fixed income securities. All bond portfolios are personalized to the tax situation of the end client, considering the state of residence and tax bracket. MMA may also utilize the services of a SEC registered third party money manager to seek opportunities for improving income and risk adjusted returns through careful security selection, yield curve analysis, bond swapping, portfolio diversification, and credit monitoring.

On a case by case basis, we may use unaffiliated private investment funds including private equity and/or hedge funds, such investments involve significant risk. A private fund is a private investment vehicle which pools capital from a number of investors and invests in securities and/or other instruments. Private funds are typically not registered under federal or state securities laws and are available only to certain sophisticated or accredited investors. Many private funds use leverage as part of their investment strategies. Private fund management fees typically include a base management fee along with a performance component. Most private funds offer their securities by providing an offering memorandum or private placement memorandum among other fund documents. The offering memorandum covers important information for investors and investors should review this document carefully and should consider conducting additional due diligence before investing in the private fund. Each fund is subject to specific and often significant risks depending on the nature of the fund. The general risks associated with these type of investments include, but are not limited to, *no market* (funds do not sell publicly and are thus illiquid), *lock-up periods* (investor may not be able to exit a private fund or sell its interests in the fund before the fund closes) and *underlying investments* (risks associated with the types of securities or instruments in which the private fund invests). There is a risk of loss of some or all of investor capital.

We may also use structured notes issued by unaffiliated domestic and international banks to populate a portion of our debt allocations. Structured notes are not bank deposits and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency. The terms and risks of each structured note vary materially depending on the nature and volatility of the referenced asset, the credit-worthiness of the issuer, and the maturity of the instrument, among other factors. The general risks associated with this type of investment include, but are not limited to, *non-payment risk* (payment of interest and return of principal may be reduced, in whole or in part, due to underperformance of the referenced asset); *counter-party risk* (for reasons such as bankruptcy, the issuer of the structured note may fail to pay all or a portion of the principal and interest due on the structured note); *underperformance risk* (depending on market conditions, the structured note may underperform alternative allocations to traditional bonds, the referenced asset, or a combination of such investments). Structured notes are significantly riskier than conventional debt instruments. There is a risk of loss of some or all of the principal at maturity.

For Newport Clients, investments are primarily made in publicly traded securities. For equities, these investments consist primarily of stocks in individual companies. However, Newport Clients also invest in ETFs (including leveraged and inverse ETFs), mutual funds and options contracts. Options are generally used to reduce risk of a decline in a current holding by selling covered call options. Clients are offered a choice as to whether or not they wish to allow the use of options in their accounts. For Newport Clients, MMA may also employ short-selling in accounts in which it is permitted. Short-selling is a more complex investment strategy that entails exposure to losses which are at least theoretically unlimited. Clients are offered a choice as to whether or not they wish to allow the use of short-selling in their accounts. Under most market conditions, for Newport Clients MMA employs a patient, low turnover investment approach, targeting long-term gains, especially in taxable accounts. However, when deemed appropriate for a particular account or market condition, MMA may engage in short-term trading. For fixed income investments for Newport Clients, MMA invests in both mutual funds and individual bonds depending on client needs and market conditions.

For Newport Clients, MMA seeks to maintain diversification in client portfolios in terms of the number of securities and the distribution of securities among different industries. However, the degree of diversification is usually less than that practiced by most investment managers. Furthermore, the mix of industries in client portfolios often differs significantly from the industry distribution of the broad market. Hence, the decisions that MMA makes as to stock selection and weighting of various industries may cause Newport Client portfolios to vary materially from the general market.

<u>Risks of owning specific securities</u>.
Equity securities represent an ownership position in a company. Equity securities typically consist of common stocks. The prices of stocks and the income they generate (such as dividends) may fluctuate based on events specific to the company that issued the shares, conditions affecting the general economy and overall market changes, changes or weak-ness in the business sector the company does business in, and other factors. Further, prices of these securities can be affected by financial contracts held by the issuer or third parties (such as derivatives) relating to the security or other assets or indices. There may be little trading in the secondary market for particular equity securities, which may adversely affect the ability to value accurately or dispose of those equity securities. Adverse publicity and investor perceptions, whether or not based on fundamental analysis, may de-crease the value and/or liquidity of equity securities.

American Depository Receipts (ADR)**.** An ADR is a security that trades on a U.S. exchange but represents a specified number of shares in a foreign corporation. Investors buy and sell ADRs on American markets just like other stocks. Some banks and brokerage firms issue/sponsor ADRs. ADRs may be subject to additional risks, including, but not limited to, less complete financial information available about foreign issuers, less market liquidity, more market volatility, and political instability. In addition, currency exchange-rate fluctuations affect the U.S. dollar-value of foreign holdings.

Debt securities (bonds). Issuers use debt securities to borrow money. Generally, issuers pay investors periodic interest and repay the amount borrowed either periodically during the life of the security and/or at maturity. Alternatively, investors can purchase other debt securities, such as zero coupon bonds, which do not pay current interest but are priced at a discount from their face value. The investor realizes a return on such securities to the extent that their value rises over time towards face value at maturity. The market prices of debt securities fluctuate depending on such factors as interest rates, credit quality, and maturity. In general, market prices of debt securities decline when interest rates rise and increase when interest rates fall. The longer the time to a bond's maturity, the greater its interest rate risk.

Options. Options may involve certain costs and risk such as liquidity, market, and credit, risks, and the risk that a position might not be closed when most favorable. With the sale of "naked" options, the investor is exposed to the risk of a loss which could be a multiple of the amount received for the option. The options agreements entered into by most Newport Clients do not permit use of naked options and limit option use to the sale of "covered" call options on stocks which the client holds. The sale of covered call options is intended to produce additional income for the client's account or to limit downside risk. However, selling covered call options may limit upside gains in some circumstances.

Leveraged and inverse ETFs. Leveraged ETFs seek to deliver multiples of the performance of the index or benchmark they track. Some ETFs are "inverse" or "short" funds, meaning that they seek to deliver the opposite of the performance of the index or bench-mark they track. Some funds are both leveraged and short, meaning that they seek to achieve a return that is a multiple of the inverse performance of the underlying index. Most leveraged and inverse ETFs "reset" daily, meaning that they are designed to achieve their stated objectives on a daily basis. Due to the effect of compounding, their performance over longer periods of time can differ significantly from the performance (or inverse of the performance) of their underlying index during the same period of time. This effect is magnified by the use of leverage. Therefore, leveraged and inverse ETFs that are reset daily may be unsuitable for retail investors who plan to hold them for weeks or months, particularly in volatile markets.

ITEM 9: DISCIPLINARY INFORMATION

There are no legal or disciplinary events that are material to the evaluation of our advisory business or the integrity of our management.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES & AFFILIATIONS

Insurance Agency

MMA is also licensed as an insurance agency in California under insurance license number 0I43633. MMA conducts insurance business under the name Miracle Mile Insurance Services. Some representatives of our firm are insurance agents/brokers. We and our representatives may offer insurance products and receive 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 an adviser and/or our supervised persons may earn. Clients are under no obligation to act on any insurance recommendations or place any transactions through us or these insurance agents/brokers if they decide to follow their recommendation.

Independent Managers

Please see Item 4 above for more information about the selection of Independent Managers. In cases where the Independent Manager bills the client the total management fee, the compensation paid to our firm by the Independent Manager may vary, and thus, creates a conflict of interest in recommending an Independent Manager who shares a larger portion of the advisory fees over another Independent Manager. Prior to referring clients, our firm will ensure that Independent Manager(s) are licensed or notice filed with the respective authorities. A potential conflict of interest in utilizing an Independent Manager may be an incentive to us in selecting a particular manager over another in the form of fees or services. In order to minimize this conflict our firm will make our recommendations/selections in the best interest of our clients.

Unrelated Accounting Firm

Jeffrey Jacobs and Lawrence Goodfriend, investment adviser representatives of MMA, in their individual capacities are the shareholders of Goodfriend & Jacobs, Certified Public Accountants, P.C. ("Goodfriend & Jacobs"), a firm licensed by the California Board of Accountancy. Goodfriend & Jacobs provides accounting and business management services. Goodfriend & Jacobs is separate and distinct from and not a related person of MMA.

There may be times when Goodfriend & Jacobs refer clients in need of investment advisory services to MMA.

There may also be times when MMA refers clients in need of accounting, income tax and other business advisory services to Goodfriend & Jacobs. We do not receive fees for making referrals to Goodfriend & Jacobs. Professional services and fees of Goodfriend & Jacobs are entirely separate and distinct from MMA's investment advisory services and fees. However, shareholders of Goodfriend & Jacobs may provide advice about securities to the extent that such advice is incidental to the practice of accounting.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS & PERSONAL TRADING

Code of Ethics

We have adopted a set of enforceable internal guidelines (Code of Ethics), which describes unacceptable conduct by MMA and our associated persons. Summarized, this Code of Ethics prohibits us from:

- placing our interests before the client's,
- using non-public information gathered when providing services to clients for our own gains, or
- engaging in any act, practice or course of business that is, or might be considered, fraudulent, deceptive, manipulative, or in violation of any applicable law, rule or regulation of a governmental agency.

Please contact us to receive a full copy of this Code of Ethics.

Personal Trading for Associated Persons

We may buy or sell some of the same securities for clients that we already hold in our personal account(s). We may also buy for our personal account(s) some of the same securities that clients already hold in their account(s). It is our policy not to permit our associated persons (or their immediate relatives) to trade in a way that takes advantage of price movements caused by client transactions.

We may restrict trading for a particular security for MMA employee accounts or those of our associated persons if there is a pending trade in that security in a client account. Trades for MMA employee accounts (and those of our associated persons) will be placed individually after client trades have been completed. When our personal trades are placed after our client trades, we may receive a better or worse price than that received by the client.

MMA and its associated persons may purchase or sell specific securities for their own account based on personal investment considerations without regard to whether the purchase or sale of such security is appropriate for clients.

All persons associated with us are required to report all personal securities transactions to us quarterly.

ITEM 12: BROKERAGE PRACTICES

The Custodian & Brokers We Use

We do not maintain custody of client assets that we manage, although we may be deemed to have constructive custody of client assets if our firm is given the authority to withdraw assets from client account(s) (see "Item 15: Custody"). Client assets must be maintained in an account at a "qualified custodian," generally a broker/dealer or bank. We recommend TD Ameritrade, Inc ("TD Ameritrade") and Charles Schwab & Co., Inc. ("Schwab") (collectively "Recommended Custodians"), members FINRA/SIPC, as the qualified custodian from whom we are independently owned and operated. The Recommended Custodians will hold client assets in a brokerage account and buy and sell securities when we instruct them to. While we recommend that clients use the Recommended Custodians, clients will decide whether to do so and will open an account with the Recommended Custodians by entering into an account agreement directly with them. We do not open the account for clients, although we may assist in doing so.

Not all advisors require their clients to use a particular broker-dealer or other custodian selected by the advisor. Even though a client account is maintained at the Recommended Custodians, we can still use other brokers to execute trades for that account as described below (see “Client Brokerage & Custody Costs”).

How We Select Brokers/Custodians

We seek to use a custodian/broker who will hold client assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for client account(s))
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, and stability
- Prior service to us and our other clients
- Availability of other products and services that benefit us, as discussed

Client Brokerage & Custody Costs

The Recommended Custodians generally do not charge clients separately for custody services but are compensated by charging clients commissions or other fees on trades that it executes or that settle into the client’s account(s). Schwab's commission rates applicable to our client accounts were negotiated based on the condition that our firm collectively maintains a total of at least $10 million of their assets in accounts at Schwab. If our clients collectively have less than $10 million in assets at Schwab, Schwab may charge us quarterly service fees of $1,200. TD Ameritrade does not require that our firm collectively maintain a minimum total of assets under management. This commitment benefits the client because the overall commission rates paid are often lower than they would be otherwise. In addition to commissions, Schwab charges the account a flat dollar amount as a “prime broker” or “trade away” fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into the Schwab account. These fees are in addition to the commissions or other compensation paid to the executing broker-dealer. Because of this, in order to minimize trading costs, we have Schwab execute most trades for client account(s). We have determined that having Schwab execute most trades is consistent with our duty to seek “best execution” of trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see “How We Select Brokers/Custodians”).

As part of our fiduciary duties to our clients, we endeavor at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by our firm or our related persons in and of itself creates a potential conflict of interest and may indirectly influence our firm’s choice of the Recommended Custodians for custody and brokerage services.

Products & Services Available to Us

Our firm recommends Schwab Advisor Services™ (formerly called Schwab Institutional®) and the institutional advisor program (the "Program") offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC, an unaffiliated SEC-registered broker-dealer and FINRA member. Schwab and TD Ameritrade offer services to independent investment advisors which include custody of securities, trade execution, clearance and settlement of transactions. Our firm receives some benefits from TD Ameritrade through its participation in the Program.

TD Ameritrade and Schwab provide our firm and our clients with access to institutional brokerage—trading, custody, reporting, and related services—many of which are not typically available to retail customers. The Recommended Custodians also make available various support services. Some of those services help us manage or administer our client accounts, while others help us manage and grow our business. The Recommended Custodians' support services are generally available on an unsolicited basis (we don't have to request them) and at no charge to us. Following is a more detailed description of the provided support services:

Services That Benefit Clients

The Recommended Custodians' brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through TD Ameritrade and Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients.

Our firm participates in TD Ameritrade's institutional customer program and may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between our participation in the Program and the investment advice given to Clients, although our firm receives economic benefits through its participation in the Program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving our participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to our firm by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by our firm's related persons. Some of the products and services made available by TD Ameritrade through the Program may benefit our firm but may not benefit its Client accounts. These products or services may assist our firm in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help our firm manage and further develop its business enterprise. The benefits received by our firm or personnel through participation in the Program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, our firm endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by our firm or its related persons in and of itself creates a potential conflict of interest and may indirectly influence our firm's choice of TD Ameritrade for custody and brokerage services.

Services That May Not Directly Benefit Clients

Other products and services that benefit us but may not directly benefit clients or client account(s), may be made available to our firm. These products and services assist us in managing and administering our clients' accounts. They include investment research, both the Recommended Custodians' own and that of third parties. This research may be used to service all or a substantial number of our client accounts, including accounts not maintained with the Recommended Custodians. In addition to investment research, the Recommended Custodians may also make available software and other technology that provide the following:

- Access to client account data (such as duplicate trade confirmations and account statements)
- Research related products and tools
- Trade execution

- Block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts)
- Pricing and other market data
- Payment of our fees from our clients' accounts
- Back-office functions, recordkeeping, and client reporting

Services That Generally Benefit Us

The Recommended Custodians may also offer other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers

The Recommended Custodians may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. The Recommended Custodians may also discount or waive fees for some of these services or pay all or a part of a third party's fees. They may also provide us with other benefits, such as occasional business entertainment of our personnel. Other than using custodial services and trade execution from the Recommended Custodians, MMA uses its own proprietary analytics and third-party research in making investment decisions for clients.

Our Interest in These Services

The availability of these services from the Recommended Custodians benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services so long as our clients collectively keep a total of at least $10 million of their assets in accounts at Schwab. The $10 million minimum may give us an incentive to require that clients maintain their account with Schwab, based on our interest in receiving Schwab's services that benefit our business rather than based on client interest in receiving the best value in custody services and the most favorable execution of transactions. Although this is a potential conflict of interest, we believe that our selection of Schwab as custodian and broker is in the best interests of our clients. TD Ameritrade does not require that our firm collectively maintain a minimum total of assets under management. Our Recommended Custodians' selection is primarily supported by the scope, quality, and price of services (see "How We Select Brokers/Custodians") and not services that benefit only us.

Directed Brokerage

We may, at our discretion, work with other custodians or broker-dealers that the client chooses. The above disclosure outlines the brokers and custodians that we recommend. Clients who direct us to use a particular broker-dealer for trading may pay higher commission charges. Under these circumstances, we may not have authority to negotiate commissions or obtain volume discounts and best execution may not be achieved. Clients should further understand that when they direct us to use a specific broker disparity in transaction charges might exist between the transaction costs charged to other clients. We may not be able to aggregate orders to reduce transaction costs and clients who direct us to use a particular broker-dealer may receive less favorable prices.

Aggregation of Orders

There are occasions on which portfolio transactions will be executed as part of concurrent authorizations to purchase or sell the same security for multiple clients. When we place a block trade, all participants included in the block will receive the same price per share on the trade. The objective of the aggregated orders will be to allocate the executions in a manner that is deemed equitable to the accounts involved. Generally, our firm does not block or aggregate trades for client accounts and MMA employee accounts.

ITEM 13: REVIEW OF ACCOUNTS

At a minimum, we perform a quarterly client review with each of our clients. The review is conducted either by a conference call or by a face to face meeting. It is up to the client to choose their preferred method of review. All quarterly reviews are (at minimum) conducted by Senior Advisors or Portfolio Managers.
Clients receive quarterly reports that include:

- A Portfolio Performance Summary which shows the quarterly net time-weighted rate of return (TWR) versus a customized blended benchmark, equity indices, bond indices, cash indices and other indices.
- Asset Allocation which shows the clients current allocation versus the strategic target allocation.
- A Portfolio Statement which lists all of the securities in the account.
- Quarterly Billing Statement

Retirement Plan Consulting clients receive reviews of their retirement plans for the duration of the service. Our firm meets with the Client, or the Plan Participants if included in the Plan's engagement with our firm, to discuss updates to their plans, changes in their circumstances, etc. Retirement Plan Consulting clients do not receive written or verbal updated reports regarding their plans. The account custodian will provide the Clients with quarterly statements and/or reports.

ITEM 14: CLIENT REFERRALS & OTHER COMPENSATION

TD Ameritrade

Our firm may receive client referrals from TD Ameritrade through our participation in TD Ameritrade AdvisorDirect. In addition to meeting the minimum eligibility criteria for participation in AdvisorDirect, our firm may have been selected to participate in AdvisorDirect based on the amount and profitability of assets in, trades placed, and client accounts maintained with TD Ameritrade. TD Ameritrade is a discount broker-dealer independent of and unaffiliated with any Advisor and there is no employee or agency relationship between them. TD Ameritrade has established AdvisorDirect as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors. TD Ameritrade does not supervise our firm and has no responsibility for our firm's management of client portfolios or our firm's other advice or services. Our firm pays TD Ameritrade an on-going fee for each successful client referral. This fee is usually a percentage (not to exceed .25%) of the advisory fee that the client pays to our firm ("Solicitation Fee"). Our firm will also pay TD Ameritrade the Solicitation Fee on any advisory fees received by our firm from any of a referred client's family members, including a spouse, child or any other immediate family member who resides with the referred client and hired our firm on the recommendation of such referred client. Our firm will not charge clients referred through AdvisorDirect any fees or costs higher than its standard fee schedule offered to its clients or otherwise pass Solicitation Fees paid to TD Ameritrade to its clients. For information regarding additional or other fees paid directly or indirectly to TD Ameritrade, please refer to the TD Ameritrade AdvisorDirect Disclosure and Acknowledgement Form.

Our firm's participation in AdvisorDirect raises potential conflicts of interest. TD Ameritrade will most likely refer clients through AdvisorDirect to investment advisors that encourage their clients to custody their assets at TD Ameritrade and whose client accounts are profitable to TD Ameritrade. Consequently, in order to obtain client referrals from TD Ameritrade, our firm may have an incentive to recommend to clients that the assets under management by our firm be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. In addition, our firm has agreed not to solicit clients referred to it through AdvisorDirect to transfer their accounts from TD Ameritrade or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. Our firm's participation in AdvisorDirect does not diminish our duty to seek best execution of trades for client accounts.

Schwab

Our firm receives an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see “Item 12: Brokerage Practices”). The availability of Schwab’s products and services to us is not based on us giving particular investment advice, such as buying particular securities for our clients.

Referral Fees

Our firm 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 clients. 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.

Other Benefits

Securities issuers cover some or all of the costs of certain educational and marketing events hosted by MMA. Marketing events primarily benefit us and educational events benefit both us and our clients. Accepting these payments/reimbursements creates a conflict of interest, as we may have an incentive to recommend the securities of these issuers to our clients for receipt of these and future benefits rather than on the merits of the investment. We accept such benefits on a case-by-case basis, subject to our internal practices, when we believe the benefits do not hinder our ability to objectively evaluate the securities. The availability or receipt of these benefits is not a consideration for us in deciding whether or not to invest in a particular security.

ITEM 15: CUSTODY

TD Ameritrade and/or Schwab maintain actual custody of client assets. Our firm is, however, deemed to have constructive custody if clients authorize our firm to deduct our advisory fees directly from their managed accounts. In order to avoid additional regulatory requirements in these cases, we follow the procedures outlined in “Item 5: Fees and Compensation.” Clients will receive account statements directly from TD Ameritrade and/or Schwab at least quarterly. They will be sent to the email or postal mailing address clients have provided to TD Ameritrade and/or Schwab. Clients are urged to carefully review those statements promptly when received and to compare the periodic portfolio reports clients will receive from us. Additionally, MMA is also deemed to have custody of clients’ funds or securities when clients have standing authorizations with their custodian to move money from a client’s account to a third-party (“SLOA”) and under that SLOA authorize us to designate the amount or timing of transfers with the custodian. The SEC has set forth a set of standards intended to protect client assets in such situations, which we follow.

MMA does not take physical custody of client funds or securities. Some of our clients are also clients of Goodfriend & Jacobs, an unaffiliated accounting firm, owned and controlled, in their individual capacities, by Jeffrey Jacobs and Lawrence Goodfriend, investment adviser representatives of MMA. An independent qualified custodian (generally a broker-dealer, bank, trust company, or other financial institution) holds each client’s assets – MMA does not act as custodian for any client. The custodian, at least quarterly, sends account statements directly to the client or client’s independent representative.

ITEM 16: INVESTMENT DISCRETION

Clients provide discretionary authority for us to manage their assets. Discretionary authority means that clients are giving us a limited power of attorney to place trades on the client's behalf without first consulting the client. This limited power of attorney does not allow us to withdraw money from client accounts, other than advisory fees if clients agree to give us that authority.

Clients grant us discretionary authority by completing the following items:

- Sign a contract with us that provides a limited power of attorney for us to place trades on the client's behalf. Any limitations to the trading authorization will be added to the Investment Policy Statement.
- Provide us with discretionary authority on the new account forms that are submitted to the broker/dealer acting as custodian for the managed account(s).

If there is any limitation placed on our discretionary authority, it would come from a client who has an inherited security that they want to stay in the portfolio. In that case, we may not have the ability to buy a certain security recommended for our other clients because that inherited security has filled our allocation to the target allocation.

ITEM 17: VOTING CLIENT SECURITIES

We do not accept the authority to vote proxies on behalf of clients. Clients will receive proxies and other related paperwork directly from their chosen custodian.

ITEM 18: FINANCIAL INFORMATION

Our firm is not required to provide a balance sheet as a supplement to 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 have a financial condition that impairs our ability to meet contractual commitments to clients.

Our firm has never been the subject of a bankruptcy proceeding.