

AMERICAN MONEY MANAGEMENT, LLC

CODE OF ETHICS

American Money Management, LLC's goal is to do what is right – for its clients, its employees, its members, the securities industry, and the community. Following the policies and procedures described in this Code of Ethics and in our Compliance Manual – and acting ethically, exercising good judgment and using common sense – will assist us in achieving that goal.

In a sense, our Compliance Manual deals with the *letter* of the law, while this Code of Ethics, on the other hand, is concerned with ethical standards as well as the *spirit* underlying the law. Both the *letter* and the *spirit* are crucial to our success, and to that of our clients, employees, and members, as well as to the maintenance of our reputation as a firm of honesty, integrity, professionalism, and a commitment to excellence.

For those reasons, the principles discussed in this Code of Ethics govern all conduct, whether or not the conduct is also covered by more specific policies and procedures discussed in our Compliance Manual. Compliance with the *letter* and the *spirit* is a condition of employment. Breach of either may lead to civil and criminal proceedings. Breach of either may also result in disciplinary action, including termination of employment.¹

STANDARDS OF CONDUCT – FIDUCIARY OBLIGATIONS

We have a fiduciary duty to our clients. Although discussed in numerous judicial decisions, the terms "fiduciary" and "fiduciary duty" have no comprehensive or clear definitions. The concepts, however, particularly as they apply to American Money Management, may generally be described as follows: A fiduciary is one who holds a relationship of trust or confidence. A person who has a fiduciary duty to another must act in the other's best interest, must maintain the other's trust and

¹As an investment adviser registered under § 203 of the Investment Advisers Act of 1940, as amended ([15 U.S.C.80B-3]; the "Advisers Act"), American Money Management, LLC is required (by Regulation §275.204A-1 promulgated under the Advisers Act) to establish, maintain, and enforce a written code of ethics. We are also required to: (a) provide each of our employees with a copy of our code of ethics (and any amendments); (b) receive and retain a written acknowledgment of each employee's receipt of the same; and (c) provide a copy of our code of ethics to any client or prospective client upon request. Moreover, all personnel are required to immediately report all violations of our code of ethics to American Money Management's chief compliance officer.

confidences, and must act with discretion. A fiduciary is charged with a higher standard of care and a higher degree of knowledge than the average person.

While the concepts may be complex, the principles on which they are based are few and straightforward:

- 1. The Client's Interest Comes First.** American Money Management, and its employees and agents, are prohibited from engaging in fraudulent, deceptive or manipulative conduct. In essence that means that we have an affirmative duty to act honestly, in good faith and in the best interests of our clients.
- 2. Disinterested Advice.** We must provide advice that is in the client's best interests. We may never, under any circumstances, place our interests ahead of any client's interests.
- 3. Disclosure of Material Facts.** Clients and prospective clients are entitled to disclosure of all material facts regarding our business activities, including material facts regarding the advisory services rendered, advisory fees, and conflicts of interest. In essence, a fact is *material* if there is a substantial likelihood that a reasonable person would find it important in making a decision. In general, disclosure of material facts should be in writing. In both oral and written statements, we must be more than technically accurate. We must be balanced and fair. We may not make any statements that are materially false or misleading in any way; nor may we omit to state facts that are necessary in order to make the statements we make not misleading.
- 4. Conflicts of Interest.** We must disclose any potential or actual conflicts of interest when dealing with clients and potential clients.
- 5. Confidentiality.** Nonpublic personal information about clients must be treated with strict confidentiality. Except as required or permitted by law, no such information (*e.g.*, the identity of security holdings and financial circumstances) may be disclosed to any third party without the prior consent of the client.²
- 6. Fraud.** Engaging in any fraudulent or deceitful conduct with clients or potential clients is strictly prohibited. Examples of fraudulent conduct

² The obligation to safeguard sensitive client information would not preclude us from providing necessary information to, for example, persons providing services to us or the client's account such as brokers, accountants, or custodians. Before disclosing any such sensitive client information, however, the prior approval of American Money Management's chief compliance officer is required.

include, but are not limited to: misrepresentation of material facts; omitting to state facts necessary in order to make the statements which are made not misleading; and, misappropriation of client funds. Of particular interest, § 206 of the Investment Advisers Act of 1940, as amended, provides, in pertinent part, as follows:

Section 206. Prohibited Transactions by Investment Advisers

It shall be unlawful for any investment adviser, by use of the mails or any means or instrumentality of interstate commerce, directly or indirectly—

(1) to employ any device, scheme, or artifice to defraud any client or prospective client;

(2) to engage in any transaction, practice or course of business which operates as a fraud or deceit upon any client or prospective client;

(3) acting as principal for his own account, knowingly to sell any security to or purchase any security from a client, or acting as broker for a person other than such client, knowingly to effect any sale or purchase of any security for the account of such client, without disclosing to such client in writing before the completion of such transaction the capacity in which he is acting and obtaining the consent of the client to such transaction. The prohibitions of this paragraph shall not apply to any transaction with a customer of a broker or dealer if such broker or dealer is not acting as an investment adviser in relation to such transaction; or

(4) to engage in any act, practice, or course of business which is fraudulent, deceptive, or manipulative.

7. Specific Fiduciary Obligations – Examples. A number of requirements flow from our status as a fiduciary, including:

- a general duty to place the interests of clients ahead of our interests;
- a duty to refrain from trading on the basis of material, non-public information (*i.e.*, inside information).

- a duty to ensure that investment advice we give, and securities transactions we make for our clients, is suitable in light of the client's individual objectives, needs, and circumstances, including the duty to maintain overall portfolio risk at a reasonable level (*i.e.*, risk and return objectives must be reasonable and suitable in light of the client's investment objectives and circumstances);
- a duty to obtain best execution for a client's securities transactions where we direct brokerage transactions;
- a duty to allocate investment opportunities fairly and not favor certain client accounts over others; or that may benefit us, absent adequate disclosure;
- a duty to use soft dollars only for the benefit of clients and make full disclosure of this practice;
- a duty to resolve trade errors in the client's favor and bear the cost of correcting any errors; and
- a duty to refrain from entering into personal securities transactions inconsistent with the client's interests.

COMPLIANCE WITH APPLICABLE LAWS

American Money Management engages in a profession that is highly regulated. We are required to comply with all applicable provisions of the federal securities laws (and of various regulations promulgated under those laws).³ In particular we are required to comply with the Investment Advisers Act of 1940. We are also required to comply with applicable provisions of the California Corporate Securities Law of 1968, and the securities laws of the various states in which our clients reside.

³ *Federal securities laws* means the Securities Act of 1933 [15 U.S.C. 77a – aa], the Securities Exchange Act of 1934 [15 U.S.C. 78a – mm], the Sarbanes-Oxley Act of 2002 [Pub. L. 107-204, 116 Stat. 745 (2002)], the Investment Company Act of 1940 [15 U.S.C. 80a], the Investment Advisers Act of 1940 [15 U.S.C. 80b], Title V of the Gramm-Leach-Bliley Act [Pub. L. 106 – 102, 113 Stat. 1338 (1999)], any rules adopted by the Securities and Exchange Commission under any of these statutes, the Bank Secrecy Act [31 U.S.C. 5311 – 5314; and 5316 – 5332] as it applies to investment advisers, and any rules adopted thereunder by the Commission or by the Department of the Treasury.

As indicated above, compliance with the *letter* and *spirit* of this Code of Ethics, and of the provisions of our Compliance Manual, is intended to enable us to comply with the applicable provisions of those laws; and such compliance is a condition of employment. Breach of either may lead to civil and criminal proceedings. Breach of either may also result in disciplinary action, including termination of employment. All personnel are required to immediately report all violations of applicable law to American Money Management's chief compliance officer.

PERSONAL SECURITIES TRANSACTIONS – DEFINITIONS.

The following definitions apply to the words, terms, and phrases defined below, wherever they are used in this section of our Code of Ethics:

- *Access Person*: The term *Access Person* includes every member, manager, and employee of American Money Management, LLC. The term *Access Person* also includes every other person who is supervised by American Money Management, LLC who has access to nonpublic information regarding any clients' purchase or sale of securities, or who is involved in making securities recommendations to clients, or who has access to such recommendations that are nonpublic.
- *Access Person Account*: An *Access Person Account* is any securities account in which an *Access Person* has a direct or indirect interest, including a financial or fiduciary interest, or which the *Access Person* controls. The definition encompasses joint, partnership, trust and custodial accounts and the account of any corporation or limited liability company controlled by the *Access Person*.
- *Family Account*: a *Family Account* means any securities account in which any of the following have a direct or indirect interest, including a financial or fiduciary interest:
 - An *Access Person's* spouse (or significant other living with the *access person*).
 - Others, such as children or parents, who either reside with the *Access Person*; or are supported to a material extent by the *Access Person*.

The definition encompasses joint, partnership, trust and custodial accounts and the account of any corporation or limited liability company controlled by the family member.

PERSONAL SECURITIES TRANSACTIONS – REPORTING & PRE – APPROVAL REQUIREMENTS.⁴

As indicated above, American Money Management has an affirmative duty of care, loyalty, honesty, and good faith to act in the best interests of its clients. As noted above, we must never place our own interests ahead of our clients' interests. We must also try to avoid conflicts of interest. Accordingly, *Access Persons* may not use knowledge about pending or currently considered securities transactions for clients to profit personally, directly or indirectly, as a result of that knowledge.

To address such concerns, the Securities and Exchange Commission has promulgated rules under the Investment Advisers Act of 1940 that require *Access Persons* to comply with certain **Reporting Requirements** and **Pre-Approval Requirements** applicable to securities transactions in *Access Person Accounts* and *Family Accounts*.

Reporting Requirements – Holdings Reports:

All of American Money Management's *Access Persons* are required to submit to the chief compliance officer Holdings Reports in the form attached as Exhibit "A" to this Ethics Code for all of their *Access Person Accounts* and *Family Accounts*.

All required Holdings Reports must be submitted:

- 1.** No later than 10 days after the person becomes an *Access Person*. Each Holdings Report must contain all of the information called for by the Holdings Report form (Exhibit "A"); and the information must be current as of a date no more than 45 days prior to the date of submission of the report.
- 2.** At least once each 12 – month period thereafter on a date selected by the chief compliance officer, and the information must be current as of a date no more than 45 days prior to the date the report was submitted.

⁴ The rules discussed in this section require that certain reports be submitted by *Access Persons* to the chief compliance officer. If the chief compliance officer is an *Access Person*, then the chief compliance officer shall submit such reports that he or she is required to submit to a Managing Director of American Money Management, LLC who is not the chief compliance officer.

Reporting Requirements – Transaction Reports:

All of American Money Management's *Access Persons* are required to submit to the chief compliance officer Transaction Reports in the form attached as Exhibit "B" to this Ethics Code for all of their *Access Person Accounts* and *Family Accounts* .

All required Transaction Reports must be submitted no later than 30 days after the end of each calendar quarter, and each such report must cover, at a minimum, all transactions during the quarter.

Reporting Requirements – Exceptions:

Access Persons need not submit:

1. Any report with respect to securities held in accounts over which the Access Person had no direct or indirect influence of control;
2. A Transaction Report with respect to transactions effected pursuant to an automatic investment plan;
3. A Transaction Report if the report would duplicate information contained in broker trade confirmations or account statements that American Money Management holds in its records, so long as American Money Management receives the confirmations or statements no later than 30 days after the end of the applicable calendar quarter.

Pre – Approval of Certain Investments:

All of American Money Management's *Access Persons* are required to obtain the written approval of the Managing Directors of the company before they directly or indirectly (either in their *Access Person Accounts* or their *Family Accounts*, or otherwise) acquire *beneficial ownership* in any security in an *initial public offering* or in a *limited offering*. For the purposes of this paragraph, the following definitions apply:

1. *Initial Public Offering* means an offering of securities registered under the Securities Act of 1933, the issuer of which, immediately before the registration was not subject to the reporting requirements of §§ 13 or 15(d) of the Securities Exchange Act of 1934.
2. *Limited Offering* means an offering that is exempt from registration under the Securities Act of 1933 pursuant to § 4(2) or § 4(6), or pursuant to Regulation D.

The Managing Directors of American Money Management, LLC may, in their absolute discretion, require that *Access Persons* obtain prior approval before *Access Persons* directly or indirectly (either in their *Access Person Accounts* or their *Family Accounts*, or otherwise) acquire or dispose of *beneficial ownership* in any security in transactions other than initial public offerings or limited offerings.

CONCLUSION.

If you have any questions relating to any of the matters discussed above, please address your questions to American Money Management, LLC's chief compliance officer.

1/1/05