

## **AMALIA ADVISORS, LLC**

*a Registered Investment Adviser*

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This brochure provides information about the qualifications and business practices of Amalia Advisors, LLC (hereinafter “Amalia Advisors” or the “Firm”). If you have any questions about the contents of this brochure, please contact the Firm at the telephone number listed above. 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 the Firm is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The Firm is a registered investment adviser. Registration does not imply any level of skill or training.

## **Item 2. Material Changes**

In this Item, Amalia Advisors is required to discuss any material changes that have been made to the brochure since the last annual amendment. As this brochure has been prepared in connection with the Firm's initial application for investment adviser registration, there are no such material changes to disclose.

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## Item 4. Advisory Business

Amalia Advisors offers a variety of advisory services, which include financial planning, consulting, and investment management services. Prior to Amalia Advisors rendering any of the foregoing advisory services, clients are required to enter into one or more written agreements with Amalia Advisors setting forth the relevant terms and conditions of the advisory relationship (the “Advisory Agreement”).

Amalia Advisors was formed in 2016 and is wholly owned by Interim Holdings, LLC. As of the date of this filing, Amalia Advisors does not have any assets under management; however, the Firm reasonably expects to be eligible for registration with the SEC within 120 days of approval as an investment adviser.

While this brochure generally describes the business of Amalia Advisors, certain sections also discuss the activities of its Supervised Persons, which refer to the Firm’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or any other person who provides investment advice on Amalia Advisors’s behalf and is subject to the Firm’s supervision or control.

### Financial Planning and Consulting Services

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Amalia Advisors’ approach starts with the evaluation and review of its clients’ financial concerns, risks and objectives. The Firm guides its clients through a Wealth Simulation process where potential investment strategies are stress-tested for their impact on client’s financial wellbeing. As such, this process forms the basis for determining what investment strategy may be most appropriate for them. Results and progress are evaluated on an ongoing basis. Additional planning and consulting services may include any or all of the following functions:

- Business Planning
- Cash Flow Forecasting
- Trust and Estate Planning
- Financial Reporting
- Investment Consulting
- Insurance Planning
- Real Estate Planning
- Retirement Planning
- Risk Management
- Charitable Giving
- Distribution Planning
- Tax Planning
- Manager Due Diligence

In performing these services, Amalia Advisors is not required to verify any information received from the client or from the client’s other professionals (e.g., attorneys, accountants, etc.) and is expressly authorized to rely on such information. Amalia Advisors may recommend clients engage the Firm for additional related services, its Supervised Persons in their individual capacities as insurance agents or registered representatives of a broker-dealer and/or other professionals to implement its recommendations. Clients

are advised that a conflict of interest exists if clients engage Amalia Advisors or its affiliates to provide additional services for compensation. Clients retain absolute discretion over all decisions regarding implementation and are under no obligation to act upon any of the recommendations made by Amalia Advisors under a financial planning or consulting engagement. Clients are advised that it remains their responsibility to promptly notify the Firm of any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Amalia Advisors's recommendations and/or services.

### **Investment and Wealth Management Services**

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Amalia Advisors manages client investment portfolios on a discretionary or non-discretionary basis. Amalia Advisors primarily allocates client assets among various mutual funds, exchange-traded funds ("ETFs"), individual debt and equity securities, options, trust deeds, structured products, annuities and independent investment managers ("Independent Managers") in accordance with their stated investment objectives.

Where appropriate, the Firm may also provide advice about any type of legacy position or other investment held in client portfolios. Clients may engage Amalia Advisors to manage and/or advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). In these situations, Amalia Advisors directs or recommends the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or the custodian designated by the product's provider.

Amalia Advisors tailors its advisory services to meet the needs of its individual clients and seeks to ensure, on a continuous basis, that client portfolios are managed in a manner consistent with those needs and objectives. Amalia Advisors consults with clients on an initial and ongoing basis to assess their specific risk tolerance, time horizon, liquidity constraints and other related factors relevant to the management of their portfolios. Clients are advised to promptly notify Amalia Advisors if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients may impose reasonable restrictions or mandates on the management of their accounts if Amalia Advisors determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm's management efforts.

### **Use of Independent Managers**

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As mentioned above, Amalia Advisors may select certain Independent Managers to actively manage a portion of its clients' assets. The specific terms and conditions under which a client engages an Independent Manager may be set forth in a separate written agreement with the designated Independent Manager. In addition to this brochure, clients may also receive the written disclosure documents of the respective Independent Managers engaged to manage their assets.

Amalia Advisors evaluates a variety of information about Independent Managers, which may include the Independent Managers' public disclosure documents, materials supplied by the Independent Managers themselves and other third-party analyses it believes are reputable. To the extent possible, the Firm seeks to assess the Independent Managers' investment strategies, past performance and risk results in relation to its clients' individual portfolio allocations and risk exposure. Amalia Advisors also takes into consideration each Independent Manager's management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other factors.

Amalia Advisors continues to provide services relative to the discretionary or non-discretionary selection of the Independent Managers. On an ongoing basis, the Firm monitors the performance of those accounts being managed by Independent Managers. Amalia Advisors seeks to ensure the Independent Managers' strategies and target allocations remain aligned with its clients' investment objectives and overall best interests.

## **Item 5. Fees and Compensation**

Amalia Advisors offers services on a fee basis, which may include fixed fees, as well as fees based upon assets under management or the performance of the account. Additionally, certain of the Firm's Supervised Persons, in their individual capacities, may offer securities brokerage services and/or insurance products under a separate commission-based arrangement.

### **Financial Planning and Consulting Fees**

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Amalia Advisors generally charges a fixed or hourly fee for providing financial planning and consulting services. These fees are negotiable, but generally range from \$2,500 to \$20,000 on a fixed fee basis, or \$200 to \$500 on an hourly basis, depending upon the scope and complexity of the services and the professional rendering the financial planning and/or the consulting services. If the client engages the Firm for additional investment advisory services, Amalia Advisors may offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services.

The terms and conditions of the financial planning and/or consulting engagement are set forth in the Advisory Agreement and Amalia Advisors generally requires one-half of the fee (estimated hourly or fixed) payable upon execution of the Advisory Agreement. The outstanding balance is generally due upon delivery of the financial plan or completion of the agreed upon services. The Firm does not, however, take receipt of \$1,200 or more in prepaid fees in excess of six months in advance of services rendered.

### Investment Management Fees

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Amalia Advisors offers investment management services for an annual fee based on the amount of assets under the Firm's management. This management fee generally varies between 20 and 250 basis points (0.20% – 2.50%), depending upon the size and composition of a client's portfolio and the type of services rendered including the selected investment solution.

The annual fee is prorated and charged monthly, in advance, based upon the market value of the assets being managed by Amalia Advisors on the last day of the previous billing period. If assets are deposited into or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets is adjusted to reflect the interim change in portfolio value. For the initial period of an engagement, the fee is calculated on a *pro rata* basis. In the event the advisory agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding or unearned portion of the fee is charged or refunded to the client, as appropriate.

Additionally, for asset management services the Firm provides with respect to certain client holdings (e.g., held-away assets, accommodation accounts, alternative investments, etc.), Amalia Advisors may negotiate a fee rate that differs from the range set forth above.

### *Performance-Based Fees*

Amalia Advisors may also offer investment management services to certain qualified clients for a performance-based fee in accordance with applicable laws, rules and regulations. Under this arrangement, the Firm charges a fee based upon the performance of a client account in addition to an annual fee based upon assets under management.

The performance fee is equal to 20% of the quarterly net gains achieved in a client's account, subject to a perpetual high water mark. The performance fee is charged quarterly in arrears, based upon the net portfolio gains achieved on a quarterly basis. The annual asset-based fee will vary between 10 and 100 basis points (0.10% – 1.00%), depending upon the size and composition of a client's portfolio and the type of services rendered..

### Fee Discretion

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Amalia Advisors may, in its sole discretion, negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing/legacy client relationship, account retention and pro bono activities.

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**Additional Fees and Expenses**

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In addition to the advisory fees paid to Amalia Advisors, clients may also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively “Financial Institutions”). These additional charges may include securities brokerage commissions, transaction fees, custodial fees, fees attributable to alternative assets, fees charged by the Independent Managers, margin costs, charges imposed directly by a mutual fund or ETF in a client’s account, as disclosed in the fund’s prospectus (*e.g.*, fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. The Firm’s brokerage practices are described at length in Item 12, below.

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**Direct Fee Debit**

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Clients generally provide Amalia Advisors and/or certain Independent Managers with the authority to directly debit their accounts for payment of the investment advisory fees. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to Amalia Advisors. Alternatively, clients may elect to have Amalia Advisors send a separate invoice for direct payment.

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**Use of Margin**

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Amalia Advisors may be authorized to use margin in the management of the client’s investment portfolio. In these cases the fee payable will be assessed net of margin such that the market value of the client’s account and corresponding fee payable by the client to Amalia Advisors will not be increased.

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**Account Additions and Withdrawals**

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Clients may make additions to and withdrawals from their account at any time, subject to Amalia Advisors’s right to terminate an account. Additions may be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or declines to accept particular securities into a client’s account. Clients may withdraw account assets on notice to Amalia Advisors, subject to the usual and customary securities settlement procedures. However, the Firm generally designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client’s investment objectives. Amalia Advisors may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, short-term redemption fees, fees assessed at the mutual fund level (*e.g.*, contingent deferred sales charges) and/or tax ramifications.



### **Commissions and Sales Charges for Recommendations of Securities**

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Clients can engage certain persons associated with Amalia Advisors (but not the Firm directly) to render securities brokerage services under a separate commission-based arrangement. Clients are under no obligation to engage such persons and may choose brokers or agents not affiliated with Amalia Advisors.

Under this arrangement, the Firm's Supervised Persons, in their individual capacities as registered representatives of Purshe Kaplan Sterling Investments, Inc. ("PKS"), may provide securities brokerage services and implement securities transactions under a separate commission based arrangement. Supervised Persons may be entitled to a portion of the brokerage commissions paid to PKS, as well as a share of any ongoing distribution or service (trail) fees from the sale of mutual funds. Amalia Advisors may also recommend no-load or load-waived funds, where no sales charges are assessed. Prior to effecting any transactions, clients are required to enter into a separate account agreement with PKS.

A conflict of interest exists to the extent that Amalia Advisors recommends the purchase or sale of securities where its Supervised Persons receive commissions or other additional compensation as a result of the Firm's recommendation. The Firm has procedures in place to ensure that any recommendations made by such Supervised Persons are in the best interest of clients. For certain accounts covered by the Employee Retirement Income Security Act of 1974 ("ERISA") and such others that Amalia Advisors, in its sole discretion, deems appropriate, Amalia Advisors may provide its investment advisory services on a fee-offset basis. In this scenario, Amalia Advisors may offset its fees by an amount equal to the aggregate commissions and 12b-1 fees earned by the Firm's Supervised Persons in their individual capacities as registered representatives of PKS.

### **Item 6. Performance-Based Fees and Side-by-Side Management**

As stated in Item 4, Amalia Advisors may provide advisory services to qualified clients for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets). Although Amalia Advisors believes that this fee arrangement best aligns the interests of the Firm and its clients, it may raises conflicts of interest. The performance fee may be an incentive for the Firm to make or recommend investments that are riskier or more speculative than would be the case absent a performance fee arrangement. In addition, where Amalia Advisors charges performance-based fees and also provides similar services to accounts not being charged performance-based fees, there is an incentive to favor accounts paying a performance-based fee. Amalia Advisors has procedures in place to ensure that any decisions are made are in the best interest of clients regardless of the applicable fee structure.

## Item 7. Types of Clients

Amalia Advisors offers services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities.

Amalia Advisors does not impose a stated minimum fee or minimum portfolio value for starting and maintaining an investment management relationship. Certain Independent Managers may, however, impose more restrictive account requirements and billing practices from the Firm. In these instances, Amalia Advisors may alter its corresponding account requirements and/or billing practices to accommodate those of the Independent Managers.

## Item 8. Methods of Analysis, Investment Strategies and Risk of Loss

### Methods of Analysis

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Amalia Advisors utilizes a combination of fundamental and technical methods of analysis.

Fundamental analysis involves an evaluation of the fundamental financial condition and competitive position of a particular fund or issuer. For Amalia Advisors, this process typically involves an analysis of an issuer's management team, investment strategies, style drift, past performance, reputation and financial strength in relation to the asset class concentrations and risk exposures of the Firm's model asset allocations. A substantial risk in relying upon fundamental analysis is that while the overall health and position of a company may be good, evolving market conditions may negatively impact the security.

Technical analysis involves the examination of past market data rather than specific issuer information in determining the recommendations made to clients. Technical analysis may involve the use of mathematical based indicators and charts, such as moving averages and price correlations, to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. A substantial risk in relying upon technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that Amalia Advisors will be able to accurately predict such a reoccurrence.

### Investment Strategies

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Investment Management is implemented as part of the client's overall plan and as a result of the Wealth Simulation process that clients go through, where their life plan is stress-tested for different investment outcomes.

The Wealth Simulation process provides clients with risk/return parameters for their investment plan. Amalia Advisors uses an active portfolio management approach with a variety of asset types and investment solutions to build portfolios with the objective of staying within those risk/return guidelines. The ultimate goal is to help clients reach their financial goals.

### *Discretionary Portfolios*

Amalia Advisors sees active investment management as its core business. The Firm believes that it can enhance returns and/or reduce the risk of client's portfolios by actively deciding where and when to invest their monies.

Amalia Advisors offers five core types of portfolios that are managed on a discretionary basis. These portfolios are building blocks for client's overall allocations and clients typically may be invested in one or more of these portfolios at any given time:

1. Tax exempt fixed income portfolio. This portfolio consists of individual municipal bonds, complemented with tax-exempt bond mutual funds. The primary objective is generating tax-exempt income.
2. Taxable fixed Income portfolio. This portfolio consists primarily of fixed income mutual funds chosen from the entire universe of global bonds. The primary objective is capital preservation. The secondary objective is income.
3. Low cost ETF equity portfolio with tactical overlay. A globally diversified equity portfolio consisting of Exchange Traded Funds. Tactical changes are made periodically for changes in the global market environment. Primary objective is growth in line with global equity markets.
4. Actively managed, high turnover portfolios with an emphasis on short term trading. These portfolios aim to do well in different market environments by opportunistically buying and selling ETFs and stocks. The portfolios may hold large positions of cash periodically to allow for focused short term trading.
5. Actively managed, high turnover portfolio using option strategies. This portfolio aims to do well in different market environments through the implementation of option strategies. The portfolio may hold large positions of cash periodically.

These are the Firm's core portfolios. Amalia Advisors will utilize other portfolios where the Firm see opportunities and based upon specific client needs.

### *Alternative Solutions*

Amalia Advisors offers several investment solutions that do not lend themselves for discretionary portfolio management but which may be attractive to clients because they have unique risk/return profiles and/or built in guarantees. A few examples of these alternative solutions include:

1. Variable Annuities
2. Structured Products
3. Trust Deeds

## **Risk of Loss**

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### *Market Risks*

Investing involves risk, including the potential loss of principal, and all investors should be guided accordingly. The profitability of a significant portion of Amalia Advisors's recommendations and/or investment decisions may depend to a great extent upon correctly assessing the future course of price movements of stocks, bonds and other asset classes. There can be no assurance that Amalia Advisors will be able to predict those price movements accurately or capitalize on any such assumptions.

### *Mutual Funds and ETFs*

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (*e.g.*, sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed based ETFs and potentially more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 20,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

*Use of Independent Managers*

As stated above, Amalia Advisors may select certain Independent Managers to manage a portion of its clients' assets. In these situations, Amalia Advisors continues to conduct ongoing due diligence of such managers, but such recommendations rely to a great extent on the Independent Managers' ability to successfully implement their investment strategies. In addition, Amalia Advisors generally may not have the ability to supervise the Independent Managers on a day-to-day basis.

*Options*

Options allow investors to buy or sell a security at a contracted "strike" price at or within a specific period of time. Clients may pay or collect a premium for buying or selling an option. Investors transact in options to either hedge (i.e., limit) losses in an attempt to reduce risk or to speculate on the performance of the underlying securities. Options transactions contain a number of inherent risks, including the partial or total loss of principal in the event that the value of the underlying security or index does not increase/decrease to the level of the respective strike price. Holders of options contracts are also subject to default by the option writer which may be unwilling or unable to perform its contractual obligations.

*Use of Margin*

While the use of margin borrowing can substantially improve returns, it may also increase overall portfolio risk. Margin transactions are generally effected using capital borrowed from a Financial Institution, which is secured by a client's holdings. Under certain circumstances, a lending Financial Institution may demand an increase in the underlying collateral. If the client is unable to provide the additional collateral, the Financial Institution may liquidate account assets to satisfy the client's outstanding obligations, which could have extremely adverse consequences. In addition, fluctuations in the amount of a client's borrowings and the corresponding interest rates may have a significant effect on the profitability and stability of a client's portfolio.

**Item 9. Disciplinary Information**

Amalia Advisors has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of its management.

**Item 10. Other Financial Industry Activities and Affiliations**

This item requires investment advisers to disclose certain financial industry activities and affiliations. The Firm does not have any other financial industry activities or affiliations that need to be disclosed.

**Registered Representatives of a Broker/Dealer**

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Certain of the Firm's Supervised Persons are registered representatives of PKS and may provide clients with securities brokerage services under a separate commission-based arrangement. This arrangement is described at length in Item 5.

**Licensed Insurance Agents**

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A number of the Firm's Supervised Persons are licensed insurance agents and may offer certain insurance products on a fully-disclosed commissionable basis. A conflict of interest exists to the extent that Amalia Advisors recommends the purchase of insurance products where its Supervised Persons may be entitled to insurance commissions or other additional compensation. The Firm has procedures in place whereby it seeks to ensure that all recommendations are made in its clients' best interest regardless of any such affiliations.

**Real Estate Broker**

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Certain of the Firm's Supervised Persons are real estate brokers and may receive fees for referring clients to others for real estate purchase/sales services or mortgages. A conflict of interest exists for Amalia Advisors or its Supervised Persons to refer clients to parties that pay such a fee to the Supervised Persons. The Firm will disclose the fee relationship when making such a referral and will only make the referral when the Firm believes it is in the best interest of the client.

**Item 11. Code of Ethics**

Amalia Advisors has adopted a code of ethics in compliance with applicable securities laws ("Code of Ethics") that sets forth the standards of conduct expected of its Supervised Persons. Amalia Advisors's Code of Ethics contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm or any of its Supervised Persons and the trading by the same of securities ahead of clients in order to take advantage of pending orders.

The Code of Ethics also requires certain of Amalia Advisors's personnel to report their personal securities holdings and transactions and obtain pre-approval of certain investments (*e.g.*, initial public offerings, limited offerings). However, the Firm's Supervised Persons are permitted to buy or sell securities that it also recommends to clients if done in a fair and equitable manner that is consistent with the Firm's policies and procedures. This Code of Ethics has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by certain personnel to be completed without any

appreciable impact on the markets of such securities. Therefore, under limited circumstances, exceptions may be made to the policies stated below.

When the Firm is engaging in or considering a transaction in any security on behalf of a client, no Supervised Person will access to this information may knowingly effect for themselves or for their immediate family (i.e., spouse, minor children and adults living in the same household) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the Supervised Person is completed as part of a batch trade with clients; or
- a decision has been made not to engage in the transaction for the client.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients may contact Amalia Advisors to request a copy of its Code of Ethics.

## **Item 12. Brokerage Practices**

### **Recommendation of Broker/Dealers for Client Transactions**

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Amalia Advisors generally recommends that clients utilize the custody, brokerage and clearing services of Schwab Advisor Services™ ("Schwab") for investment management accounts. Factors which Amalia Advisors considers in recommending Schwab or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. Schwab may enable the Firm to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by Schwab may be higher or lower than those charged by other Financial Institutions.

The commissions paid by Amalia Advisors's clients to Schwab comply with the Firm's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified Financial Institution might charge to effect the same transaction where Amalia Advisors determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a Financial Institution's services,

including among others, the value of research provided, execution capability, commission rates and responsiveness. Amalia Advisors seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Transactions may be cleared through other broker-dealers with whom the Firm and its custodians have entered into agreements for prime brokerage clearing services. Should an account make use of prime brokerage, the Client may be required to sign an additional agreement, and additional fees are likely to be charged.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker/dealers in return for investment research products and/or services which assist Amalia Advisors in its investment decision-making process. Such research generally will be used to service all of the Firm's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because Amalia Advisors does not have to produce or pay for the products or services.

Amalia Advisors periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

#### **Software and Support Provided by Financial Institutions**

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Amalia Advisors may receive without cost from Schwab computer software and related systems support, which allow Amalia Advisors to better monitor client accounts maintained at Schwab. Amalia Advisors may receive the software and related support without cost because the Firm renders investment management services to clients that maintain assets at Schwab. The software and support is not provided in connection with securities transactions of clients (i.e., not "soft dollars"). The software and related systems support may benefit Amalia Advisors, but not its clients directly. In fulfilling its duties to its clients, Amalia Advisors endeavors at all times to put the interests of its clients first. Clients should be aware, however, that Amalia Advisors's receipt of economic benefits from a broker/dealer creates a conflict of interest since these benefits may influence the Firm's choice of broker/dealer over another that does not furnish similar software, systems support or services.

Specifically, Amalia Advisors may receive the following benefits from Schwab:

- Credits to be used toward qualifying third-party service providers used in connection with the initial set up of the Firm's research, technology and software platforms;
- Receipt of duplicate client confirmations and bundled duplicate statements;
- Access to a trading desk that exclusively services its institutional traders;



- Access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and
- Access to an electronic communication network for client order entry and account information.

### **Brokerage for Client Referrals**

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Amalia Advisors does not consider, in selecting or recommending broker/dealers, whether the Firm receives client referrals from the Financial Institutions or other third party.

### **Directed Brokerage**

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The client may direct Amalia Advisors in writing to use a particular Financial Institution to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that Financial Institution and the Firm will not seek better execution services or prices from other Financial Institutions or be able to “batch” client transactions for execution through other Financial Institutions with orders for other accounts managed by Amalia Advisors (as described above). As a result, the client may pay higher commissions or other transaction costs, greater spreads or may receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, Amalia Advisors may decline a client’s request to direct brokerage if, in the Firm’s sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

### **Trade Aggregation**

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Transactions for each client generally will be effected independently, unless Amalia Advisors decides to purchase or sell the same securities for several clients at approximately the same time. Amalia Advisors may (but is not obligated to) combine or “batch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Firm’s clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among Amalia Advisors’s clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that the Firm determines to aggregate client orders for the purchase or sale of securities, including securities in which Amalia Advisors’s Supervised Persons may invest, the Firm generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. Amalia Advisors does not receive any additional compensation or remuneration as a result of the aggregation.

In the event that the Firm determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when

only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, the Firm may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

## **Item 13. Review of Accounts**

### **Account Reviews**

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Amalia Advisors monitors client portfolios on a continuous and ongoing basis while regular account reviews are conducted on at least a quarterly basis. Such reviews are conducted by the Firm's Principals. All investment advisory clients are encouraged to discuss their needs, goals and objectives with Amalia Advisors and to keep the Firm informed of any changes thereto. The Firm contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and quarterly to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

### **Account Statements and Reports**

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Clients are provided with transaction confirmation notices and regular summary account statements directly from the Financial Institutions where their assets are custodied. From time-to-time or as otherwise requested, clients may also receive written or electronic reports from Amalia Advisors and/or an outside service provider, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should compare the account statements they receive from their custodian with any documents or reports they receive from Amalia Advisors or an outside service provider.

**Item 14. Client Referrals and Other Compensation**

The Firm does not currently provide compensation to any third-party solicitors for client referrals.

**Item 15. Custody**

The Advisory Agreement and/or the separate agreement with any Financial Institution generally authorize Amalia Advisors and/or the Independent Managers to debit client accounts for payment of the Firm's fees and to directly remit that those funds to the Firm in accordance with applicable custody rules. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to Amalia Advisors.

In addition, as discussed in Item 13, Amalia Advisors may also send periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the Financial Institutions and compare them to those received from Amalia Advisors.

**Item 16. Investment Discretion**

Amalia Advisors may be given the authority to exercise discretion on behalf of clients. Amalia Advisors is considered to exercise investment discretion over a client's account if it can effect and/or direct transactions in client accounts without first seeking their consent. Amalia Advisors is given this authority through a power-of-attorney included in the agreement between Amalia Advisors and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). Amalia Advisors takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made; and
- The Independent Managers to be hired or fired.

**Item 17. Voting Client Securities**

Amalia Advisors generally does not accept the authority to vote a client's securities (i.e., proxies) on their behalf. Clients receive proxies directly from the Financial Institutions where their assets are custodied and may contact the Firm at the contact information on the cover of this brochure with questions about any such issuer solicitations.

**Item 18. Financial Information**

Amalia Advisors is not required to disclose any financial information due to the following:

- The Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of services rendered;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.