

# **WRAP PROGRAM BROCHURE**

(Form ADV Appendix 1)

**April 14, 2020**

## **Amara Financial, LLC**

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**This wrap fee program brochure (the “Brochure”) provides information about the qualifications and business practices of Amara Financial, LLC. If you have any questions about the contents of this Brochure, please contact us at (415) 319-1071. 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.**

**Amara Financial, LLC is registered as an investment adviser with the Securities and Exchange Commission; however, such registration does not imply a certain level of skill or training and no inference to the contrary should be made.**

**Additional information about Amara Financial, LLC and its investment adviser representatives is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**ITEM 1: COVER PAGE**

Please refer to previous page.

**ITEM 2: MATERIAL CHANGES**

Amara Financial, LLC (“Amara” or the “Firm”) is a newly registered investment adviser with the Securities and Exchange Commission. As such, no material changes are noted here. Our prospective Clients are strongly encouraged to read this Brochure in its entirety prior to engaging Amara for any advisory services.

Pursuant to federal regulation, Amara will ensure that Clients receive a summary of any materials changes to this Brochure within 120 days of the close of Amara’s fiscal year-end. Additionally, as the Firm experiences material changes in the future, we will send you a summary of our “Material Changes” under separate cover. For more information about the firm, please contact us at (415) 319-1071.

Additional information about Amara and its investment adviser representative is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## **Item 4: Services, Fees and Compensation**

### **A. Services**

Amara Financial, LLC (“Amara” or the “Firm”) offers a “wrap fee” program (“Wrap Program”) as described in this Brochure that provides the client (each, a “Client” and together, “Clients”) with advisory and brokerage execution services plus account reporting and custodial services, for one all-inclusive fee.

All investment advice is customizable, with each account managed according to the investment objectives, needs, guidelines, risk tolerance, and other information as provided by the Client. This begins through gathering information and documentation from each Client. Based upon information received from the Client, the Firm selects appropriate investment opportunities and invests Client assets in various types of securities. Amara provides continuous and regular investment advice, supervisory and management services with respect to the account, based on the Client’s goals and objectives. Amara shall communicate with Client to determine if there have been any changes to the information provided by or investment objectives of the Client, and if there are any changes, Amara will make corresponding adjustments to the Client’s account. A Client must notify Amara promptly of any material change in the information provided or any other material change in Client’s financial circumstances or investment objectives that might affect the manner in which the Client’s account should be invested.

Amara provides discretionary and non-discretionary investment advice and management to separately managed accounts on a continuous basis and in accordance with the investment objectives and strategies provided by the Client. For discretionary services, Client (as part of the Client agreement with Amara) agrees that Amara will have a limited power-of-attorney as to what investments to make, when to make them and when to sell them. The Firm’s discretionary authority may be subject to conditions or restrictions imposed by a Client, such as when a Client restricts or prohibits transactions in a particular security. Please refer to Item 16 for additional information.

Amara agrees to use that degree of care, skill, prudence, and diligence under the circumstances that a prudent person acting in a fiduciary capacity would use. Amara is not authorized to make withdrawals of cash or securities from the Client’s account. The account, wherever placed, remains the Client’s property at all times. The Client may make additional deposits into or withdraw funds from the account. By signing Amara’s Investment Advisory Agreement, Client will allow Amara to withdraw the monthly advisor fee directly from the Client’s account (please see Section 4.B. below for additional information regarding fees).

Amara is a fiduciary who owes its Clients undivided loyalty. This fiduciary obligation imposes upon Amara and its associated persons a duty to deal fairly and to act in the best interest of its Clients. In addition, this obligation imposes upon Amara and its associated persons numerous responsibilities, including the duty to render disinterested and impartial advice; to make suitable recommendations within the context of the total portfolio to Clients in light of their needs, financial circumstances and investment objectives; to exercise a high degree of care to ensure that adequate and accurate representations of its business and other information about securities are presented to Clients; and to not engage in fraudulent, deceptive or manipulative practices.

To this end, Amara has adopted a Code of Ethics (“Code”) which establishes standards of conduct for the firm’s supervised persons. Please see additional information in Section 9.C below.

**B. Fees and Compensation**

Clients pay Amara a single annual advisory fee for advisory services and execution of transactions within the Wrap Program. Clients do not pay brokerage commissions or transaction charges for execution of transactions in addition to the advisory fee.

The maximum annual fee charged for this service under the Wrap Program will not exceed 1.50%. Advisory fees to be assessed will be outlined in the written agreement between the Client and Amara. Fees are paid monthly, in advance.

Fees are calculated as a percentage of assets under management as of the close of business on the last business day of the preceding calendar month. Investment management fees will be automatically deducted from the Client’s account by the custodian as soon as practicable following the end of each applicable period. Should a Client open an account during a month, the Firm’s management fee will be prorated based on the number of days the account was open during the month. In the event the Firm’s services are terminated mid-month, any paid, unearned fees will be promptly refunded to the Client. The number of days the account was managed during the month until termination is used to determine the percentage of the management fee earned (based on the total number of days in the month) and the balance is refunded.

Although Clients do not pay transaction charges in the Wrap Program account, Clients should be aware that Amara typically pays a transaction based fee to the account custodian to cover the cost of transactions placed in Client accounts. Since Amara absorbs certain transaction costs in wrap fee accounts, a potential conflict of interest exists Amara has a financial incentive to place trades less frequently or to limit transaction orders in those accounts since doing so increases Amara’s transaction costs. Although Amara believes its fees are reasonable, Clients should be aware that lower fees for comparable services, or alternative services, may be available from other sources.

Amara’s fees are negotiable and arrangements with any particular Client may differ from those described above. In addition, for family members, the Firm may, in its sole discretion, reduce or waive management fees in their entirety.

The Firm may amend its standard fee schedule at any time by giving thirty (30) days advanced written notice to Clients. Should a Client have more than one account managed by the Firm, Amara will, unless instructed otherwise by the Client, aggregate the Client’s accounts for the purpose of computing management fees.

**i. Brokerage and Custodial Services**

Amara will not have physical custody of the assets in the Account. Custody of the Account will be maintained with the qualified custodian. Amara will arrange for the custody of assets for

Client, and will generally absorb related custodial fees, unless otherwise directed or agreed upon by the Client.

The Custodian will send to the Client, at least quarterly, a statement showing all transactions during the period covered by the account statement, and the funds, securities and other property at the end of the period. Please see Item 9 below for additional information regarding Amara's selection and use of broker-dealers and custodian, and conflicts of interest related thereto.

## **ii. Other Types of Fees and Charges**

Client accounts will incur additional fees and charges from parties other than Amara as noted below. These fees and charges are in addition to the advisory fee paid to Amara, and Amara does not share in any portion of these third-party fees.

The custodian and broker-dealer providing brokerage and execution services on Client accounts will impose certain fees and charges. The custodian notifies Clients of these charges at account opening and generally makes available a list of these fees and charges on its website. The custodian will deduct these fees and charges directly from the Client's account.

There are other fees and charges that are imposed by other third parties that apply to investments in Client accounts. Some of these fees and charges are described below:

- If a Client account invests in mutual funds or ETFs, please note that as a shareholder of the fund, a fund a management fee will apply, in addition to paying Amara an advisory fee for managing the assets. As many of the funds available may be purchased directly, the second layer of fees could be avoided by not using Amara's management services and by the Client making their own fund investment decisions.
- Certain mutual funds impose fees and charges such as contingent deferred sales charges, early redemption fees and charges for frequent trading. These charges will apply if a Client transfers into or purchases such a fund with the applicable charges in the account.
- Although only no-load and load-waived mutual funds will be purchased in a Client's account, Clients should understand that some mutual funds pay asset based sales charges or service fees (e.g., 12b-1 fees) to the custodian with respect to account holdings. Generally, Amara seeks the lowest cost mutual fund share class available to a Client in light of Client objectives and risk tolerance.
- If a Client holds a variable annuity as part of an account, there are mortality, expense and administrative charges, fees for additional riders on the contract and charges for excessive transfers within a calendar year imposed by the variable annuity sponsor.
- Clients may pay dealer markups or markdowns in principal transactions with broker dealers other than Amara's primary broker dealer, fees for trades executed away from the custodian, or commissions charged by broker dealers other than Amara's primary broker.
- Other charges required by law and imposed by the executing broker/dealer or custodian.

Further information regarding fees assessed by a mutual fund or variable annuity is available in the appropriate prospectus, which is available upon request from Amara or from the product sponsor directly.

### **iii. Other Important Considerations**

If the Client plans to follow a buy and hold strategy for the account or does not wish to purchase ongoing investment advice or management services, the Client should consider opening a commission-based brokerage account rather than a Wrap Program account. The investment products available to be purchased in the Client account can typically be purchased by Client outside of the account, through broker-dealers or other investment firms not affiliated with Amara.

Amara is recommending the management account to the Client and receives compensation as a result of the Client's participation. This compensation includes the advisory fee described above and other things of value offered by custodians and/or broker-dealers utilized by the Wrap Program (as further described in Item 9.G. below). The amount of this compensation may be more or less than what Amara would receive if the Client participated in other advisory programs, programs of other investment advisors or paid separately for investment advice, brokerage and other Client services. Therefore, Amara has a financial incentive to recommend the Wrap Program account over other programs and services. Amara takes its responsibilities seriously and will only recommend that Clients utilize the Wrap Program if Amara believes it is appropriate and in the Client's best interests.

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

The Firm generally does not require a minimum initial investment to open an account. However, the Firm reserves the right to accept or decline a potential Client for any reason in its sole discretion. Further, Amara may, in its sole discretion, group certain related Client accounts for the purposes of determining fees.

Amara typically offers its Wrap Program to the following Clients: (i) Individuals and High Net-Worth Individuals; (ii) Individual Retirement Accounts; (iii) Trusts, Estates or Charitable Organizations; and (iv) Corporations, Limited Liability Companies and/or Other Business Types.

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

Amara does not select, review, or recommend other investment advisors or portfolio managers to provide services in its Wrap Program. All management within a Client's account is conducted by Amara and its advisers. For more information about the adviser managing the account, the Client should refer to the Brochure Supplement for the respective adviser, which should be received along with this Wrap Program Brochure.

Clients should be aware that the custodian of Client's account will perform certain administrative services for Amara, including generation of quarterly performance reports for Client accounts, research materials, trading services and other benefits. Please see Item 9.G. below for additional information.

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

Amara, through its advisers, is responsible for account management; there is no separate portfolio manager involved. Amara obtains the necessary financial data from the Client and

assists the Client in setting an appropriate investment objective for the account. This information is obtained through detailed discussions and by having the Client provide such information and documentation to Amara. Clients are encouraged to contact Amara if there have been any changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions on the management of the account or reasonably modify existing restrictions. Clients should be aware that the investment objective selected for the account is an overall objective for the entire account and may be inconsistent with a particular holding and the account's performance at any time. Clients should further be aware that achievement of the stated investment objective is a long-term goal for the account.

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

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

## **ITEM 9: ADDITIONAL INFORMATION**

### **A. Disciplinary Information**

Registered investment advisers such as Amara are required to disclose all material facts regarding any legal or disciplinary events that would be material to a Client's or prospective Client's evaluation of Amara or the integrity of its management. Amara does not have any such legal or disciplinary events and therefore has nothing to disclose with respect to this Item.

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

The Firm's investment adviser representatives ("IARs") also serve as a licensed insurance agent/broker with various life, health and disability insurance companies. There are times when IARs will recommend the purchase of certain insurance products to Firm Clients. Upon purchase, those IARs will receive normal and customary commissions for insurance sales as an insurance agent/broker.

To the extent that an IAR recommends the purchase of insurance products where the IAR receives commissions or other compensation for doing so, a conflict of interest exists because the IAR will have an incentive to make recommendations based on compensation received rather than on a Client's needs. Amara has adopted certain procedures designed to mitigate the effects of these conflicts. As part of our fiduciary duty to Clients, Amara and its representatives endeavor at all times to put the interests of the Clients first; and recommendations will only be made to the extent that they are reasonably believed to be in the best interests of the Client. Additionally, the conflicts presented by these practices are disclosed to Clients and prospective clients through Amara's brochures, client agreement and/or verbally prior to or at the time of entering into an agreement with Amara. Clients are not obligated to implement any recommended transactions by IARs. Should the Client choose to do so, such implementations are not required to be made through Firm IARs, Amara or any particular insurance carrier. Amara Clients should understand that lower fees and/or commissions for comparable services may be available from other sources.



## **C. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### **i. Description of Code of Ethics**

Amara is a fiduciary who owes its Clients undivided loyalty. This fiduciary obligation imposes upon Amara and its associated persons a duty to deal fairly and to act in the best interest of its Clients. In addition, this obligation imposes upon Amara and its associated persons numerous responsibilities, including the duty to render disinterested and impartial advice; to make suitable recommendations within the context of the total portfolio to Clients in light of their needs, financial circumstances and investment objectives; to exercise a high degree of care to ensure that adequate and accurate representations of its business and other information about securities are presented to Clients; and to not engage in fraudulent, deceptive or manipulative practices.

To this end, Amara has adopted a Code of Ethics (“Code”) which establishes standards of conduct for the firm’s supervised persons and includes general requirements that such supervised persons comply with the their fiduciary obligations to Clients and applicable securities laws, and specific requirements relating to, among other things, personal trading, insider trading, conflicts of interest and confidentiality of Client information.

Because Amara’s investment professionals and associated persons may transact in the same securities for personal accounts as they may buy or sell for Client accounts, it is important to mitigate potential conflicts of interest. As such, Amara has adopted personal securities transaction policies in its Code, which all of Amara’s associated persons must follow. Specifically, the Code requires personnel to report personal trades and holdings and prohibits or requires pre-clearance for certain trades in certain circumstances. The Code also contains procedures for reporting violations and enforcement. The Code is reviewed and distributed to personnel annually. Amara will provide a copy of its Code of Ethics to any Client or prospective Client upon request. Please contact Amara at (415) 319-1071.

### **ii. Participation or Interest in Client Transactions**

It is Amara’s policy not to enter into any principal transactions or agency cross transactions on behalf of Client accounts. Principal transactions occur where an adviser, acting as principal for its own account, buys securities from or sells securities to any advisory Client. Agency cross transactions occur where a person acts as an investment adviser in relation to a transaction in which the adviser, or an affiliate of the adviser, acts as broker for both the advisory Client and for another person on the other side of the transaction.

### **iii. Personal Trading**

On occasion employees of Amara may buy for their own accounts securities which Amara also recommends to Clients. It is possible that officers or employees of Amara may buy or sell securities or other instruments that Amara has recommended to Client and may engage in transactions for their own account in a manner that is inconsistent with Amara’s recommendations to a Client. Personal securities transactions by employees may raise potential conflicts of interest when such persons trade in a security that is owned by, or considered for purchase or sale for, a Client.

In order to mitigate this conflict of interest and to comply with all applicable laws and regulations, Amara's Code of Ethics sets forth the professional and fiduciary standards that all associated persons must follow. The Firm's intention is to protect Client interests at all times and to demonstrate Amara's commitment to its fiduciary duties of honesty and good faith and fair dealing with Clients. All associated persons are expected to adhere strictly to the policy and are required to follow specific procedures regarding personal trading, including:

- Adhere to the fundamental standard that employees should not take inappropriate advantage of their position;
- Conduct all personal securities transactions in a manner consistent with the adopted policy;
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities; and
- Comply with applicable provisions of the federal securities laws.

Amara and its Associated Persons may also buy or sell specific securities for their own accounts, based on personal investment considerations that Amara does not deem appropriate to buy or sell for Clients.

#### **D. Review of Accounts**

While the underlying securities within Wrap Program accounts are continually monitored, Client accounts are monitored on an ongoing basis, which includes detailed periodic reviews. The frequency of reviews is at the discretion of Amara, but accounts are typically reviewed not less than quarterly. Accounts are reviewed for performance, consistency with the investment strategy and Client objectives, and other account parameters in order to determine if any adjustments need to be made. Reviews are performed by the investment adviser performing services for the respective Client.

In addition to the periodic reviews described above, reviews may be triggered by changes in a Client's personal, tax or financial status. Account holdings also are reviewed when changing market conditions warrant such review. Clients are encouraged to notify the Firm and its advisory representatives of any changes in his/her personal financial situation that might affect his/her investment needs, objectives, or time horizon.

#### **E. Client Referrals and Other Compensation**

Currently, Amara does not have any solicitation or referral arrangements in place whereby the Firm compensates referring parties for these referrals. However, Amara may in the future enter into agreements with individuals and organizations, some of whom may be affiliated or unaffiliated with Amara, that refer Clients to Amara. All such agreements will be in writing and comply with the applicable state and federal regulations.

Further, Amara does not accept referral fees or any form of remuneration from other professionals when a prospect or Client is referred to them by the Firm.

#### **F. Investment Discretion**

Unless specified otherwise, Amara typically has full investment discretion over (1) which securities are to be bought or sold in Client accounts; (2) the amount of securities to be bought or sold in Client accounts; and (3) when transactions are made. This means that Amara does not have to obtain prior consent from the Client when investing Client assets. Amara's authority to trade securities may be limited in certain circumstances by applicable legal and regulatory requirements. In some instances, Amara's discretionary authority may be limited by conditions imposed by Clients on Amara's discretionary authority, including restrictions on investing in certain securities or types of securities. All such limitations, restrictions, and investment guidelines must be provided to Amara in writing.

**G. Financial Information**

Amara does not require or solicit prepayment of more than \$1200 in fees per Client, six months or more in advance and therefore is not required to provide, and has not provided, a balance sheet. Amara does not have any financial commitments that impair its ability to meet contractual and fiduciary obligations to Clients, and has not been the subject of a bankruptcy proceeding.