

**FIRM BROCHURE**  
(Part 2A of Form ADV)

**April 14, 2020**

**Amara Financial, LLC**

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**Part 2A of Form ADV (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 Commissions; 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: Advisory Business**

### **A. Description of Firm**

Founded in 2020, Amara Financial, LLC (“Amara” or the “Firm”) is a California-based investment advisory firm that provides investment supervisory services on a discretionary and non-discretionary basis and financial planning services to certain clients (each a “Client” and together, “Clients”) described in Item 7 herein. The investment instruments Amara advises its clientele on include, but are not limited to, equity stocks, fixed income securities, bonds, exchange traded funds (“ETFs”), mutual funds, and cash equivalent instruments. Please refer to Item 8 for additional information relating to the investment strategies pursued by Amara and the risks associated with those strategies.

### **B. Principal Owners**

The Firm is a limited liability company organized in the State of Delaware and is owned by its sole member, Arleen Bandarrae.

### **C. Types of Advisory Services Offered**

#### **1. Financial Planning Services**

Amara’s financial planning services range from comprehensive financial planning to more focused consultations, depending on the needs of each Client. Financial planning services will typically involve preparing a financial plan or rendering a financial consultation for clients based on the client’s financial goals and objectives. This planning or consulting can encompass Investment Planning, Retirement Planning, Estate Planning, Charitable Planning, Education Planning, Corporate and Personal Tax Planning, Cost Segregation Study, Corporate Structure, Real Estate Analysis, Mortgage/Debt Analysis, Insurance Analysis, Lines of Credit Evaluation, or Business and Personal Financial Planning. Financial plans or financial consultations rendered to clients usually include general recommendations for a course of activity or specific actions to be taken by the clients. The Firm provides clients with a summary of their financial situation, and observations for financial planning engagements. Financial consultations are not typically accompanied by a written summary of observations and recommendations.

Financial planning recommendations are based on the Client’s financial situation at the time the recommendations are provided and are based on the information provided by the client. In addition, certain assumptions are made with respect to interest and inflation rates, use of past trends and performance of the market and economy. Past performance is in no way an indication of future performance and Amara cannot offer any guarantees or promises that the Client’s financial goals and objectives will be met. As a Client’s financial situation, goals, objectives, or needs change, the Client is strongly urged to promptly notify Amara. For more information on the risks associated with investing, please refer to Item 8, below.

#### **2. Asset Management Services**

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. However, Amara has the ability, in its discretion, to allow Clients to place conditions or restrictions on transacting in a particular security, industry, or type of security. Please refer to Item 16 for additional information.

Amara will not maintain possession or custody of the funds or securities of any Client. The Client funds will typically be deposited in either a brokerage firm or bank custodian account. With Client consent, Amara can receive fees paid out of separately managed accounts by the Client's custodian.

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 from each Client on a Client Profile Form, or other similar documentation. Based upon information received from the Client, the Firm selects appropriate investment opportunities and invests Client assets in various types of securities.

### **3. Retirement Plan Consulting Services**

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

- Establishing an Investment Policy Statement – the Firm will assist in the development of a statement that summarizes the investment goals and objectives along with the broad strategies to be employed to meet the objectives.
- Investment Options – the Firm will work with the Plan Sponsor to evaluate existing investment options and make recommendations for appropriate changes.
- Asset Allocation and Portfolio Construction – the Firm will develop strategic asset allocation models to aid Participants in developing strategies to meet their investment objectives, time horizon, financial situation and tolerance for risk.
- Investment Monitoring – the Firm will monitor the performance of the investments and notify the client in the event of over/underperformance and in times of market volatility. In providing services for retirement plan consulting, Amara 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 accounts that are retirement or other employee benefit plans ("Plan") governed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). If the client accounts are part of a Plan, and Amara accepts

appointment to provide services to such accounts, our Firm acknowledges its fiduciary standard within the meaning of Section 3(21) of ERISA as designated by the Retirement Plan Consulting Agreement with respect to the provision of services described therein.

Amara offers individualized investment advice to our Asset Management clients. General investment advice will be offered to our Financial Planning & Consulting, Retirement Plan Consulting, Portfolio Monitoring and Referrals to Third Party Money Management clients.

#### **D. Advisory Agreements**

##### **1. Information Received from Individual Clients**

At the onset of the Client relationship, Amara gathers information on each Client's investment objectives, risk tolerance, time horizons and financial goals. Amara does not assume responsibility for the accuracy of the information provided by the Client and is not obligated to verify any information received from the Client or from any of the Client's other professionals (e.g., attorney, accountant, etc.). Under all circumstances, Clients are responsible for promptly notifying Amara in writing of any material changes to the Client's objectives, risk tolerance, time horizon, and financial goals. In the event that a Client notifies Amara of any changes, Amara will review such changes and implement any necessary revisions to the Client's portfolio.

##### **2. Client Agreements and Disclosures**

Each Client is required to enter into a written agreement (the "Agreement") with Amara setting forth the terms and conditions under which the Firm shall render its services. In accordance with applicable laws and regulations, Amara will provide its disclosure brochure (ADV Part 2A), brochure supplement (ADV Part 2B) and most recent Privacy Notice to each Client prior to or contemporaneously with the execution of the Agreement. The Agreement between Amara and the Client will continue in effect until terminated by either party pursuant to the terms of the Agreement. Amara's fees (as discussed below) shall be prorated through the date of termination and any remaining balance shall be charged or refunded to the Client, as appropriate, in a timely manner.

Neither Amara nor the Client will be able to assign the Agreement without the consent of the other party. Transactions that do not result in a change of actual control or management of Amara shall not be considered an assignment.

As further discussed in Item 15 below, Client's assets will be custodied with a qualified custodian. All custodial and execution fees assessed for Client's assets remain the sole responsibility of Client.

#### **E. Participation in Wrap Programs**

Amara sponsors a wrap fee program ("Wrap Program"). Amara selects investments for Client portfolios from securities offered in the Wrap Program. Amara also determines the allocations and sector weights utilized in the Wrap Program. The appropriate allocation and underlying investments are determined through a consultation with the Client. Amara has the ability, at its discretion, to allow Clients to place reasonable restrictions regarding the management of their

Wrap Program account. Please refer to the Firm's Form ADV Appendix 1 "Wrap Program Brochure" for additional information concerning the Firm's Wrap Program.

**F. Amount of Client Assets Managed**

The Firm is newly formed and, as such, the Firm has no assets under management as of the date of this Brochure. Accordingly, as of March 31, 2020, the following represents the amount of client assets under management by the Firm on a discretionary and non-discretionary basis:

Type of Account	Assets Under Management
Discretionary	\$0
Non-Discretionary	\$0
Total:	\$0

**ITEM 5: FEES AND COMPENSATION**

**A. Compensation for Advisory Services**

As described in greater detail below, Amara charges different types of fees, including fees based on a percentage of assets under management and fixed fees, depending on the services provided. The specific fees charged by Amara for its financial planning and investment management services will be set forth in the Client's written agreement.

Fees are negotiable at the sole discretion of Amara. In addition, Amara has full discretion to waive its advisory fees in their entirety. Although Amara believes its advisory fees are competitive, Clients should be aware that lower fees for comparable services are likely to be available from other sources.

**1. Fixed Fees**

For Financial Planning and Consulting services, the Firm generally charges a fixed fee. The Firm's fixed fees are assessed as a one-time fee, or an ongoing fee dependent upon the services received. Generally, rates are negotiable, at the sole discretion of the Firm, based on the scope and complexity of the requested services, as stipulated in the Agreement. Payment is due prior to commencement of services, though Amara could, at its discretion, perform services prior to receiving payment. In such case, an invoice will be sent to the Client, which is payable upon receipt. Alternately, fees can be debited from the Client's custodian account. Clients can terminate the Agreement, without penalty, at any time upon written notice. At the time of termination, any prepaid fees will be prorated based on the amount of work completed by the Firm as of the date the notice of termination is received, and any unearned fees will be returned to the Client.

With regard to Financial Planning and Consulting services, Clients should understand that a conflict of interest exists because Amara has an incentive to recommend its own investment management services as the Firm will receive additional compensation for such services. Advice and recommendations can also be given on non-securities matters and any implementation of Amara's recommendations is entirely at the Client's discretion. Clients are free at all times to accept or reject any or all recommendations made by Amara and Clients retain the authority and discretion on whether or not to implement any recommendations.

## **2. Fees Based Upon a Percentage of Assets Under Management**

For Asset Management, Portfolio Monitoring, and Retirement Plan Consulting services, the Firm charges a fee based upon a percentage of assets under management as of the close of business on the last business day of the preceding calendar month. The maximum annual investment management fees charged will not exceed 1.50%, and will be outlined in the written agreement between the Client and Amara. The Firm's portfolio management fees are calculated and assessed monthly, in advance.

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

The Firm is able to amend its standard fee schedule at any time by giving thirty (30) days advanced written notice to Clients.

Please refer to the Firm's Form ADV Appendix 1 "Wrap Program Brochure" for fees related to the Firm's Wrap Program.

### **B. Other Fees and Expenses**

Clients should understand that, for non-Wrap Program Clients, the fees described above do not include certain charges imposed by third parties such as custodial fees, charges imposed directly by a mutual fund or ETF in the account—which shall be disclosed in the fund's prospectus (*e.g.*, fund management fees and other fund expenses)—transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

If clients are participating in the Wrap Program, such fees are typically included as part of the fee imposed by the Wrap Program. Detailed advisory and expense fee information about the Wrap Program is available in the wrap fee program brochure. The wrap fee program brochure is provided with this Brochure and is prepared specifically for prospective and current participants in the Wrap Program.

Additionally, non-Wrap Program Clients will incur brokerage commissions and transaction fees. Clients should further understand that such charges, fees and commissions incurred in connection with transactions for a Client's account will be paid out of the assets in the account and are exclusive of and in addition to the fees charged by Amara.



**C. Additional Information Regarding Amara's Fees**

The Agreement for separately managed accounts executed by Clients specifies that payment of Amara's management fees will be made by the qualified custodian directly from Client's custodial account. Further, the qualified custodian agrees to deliver an account statement to the Client, at least quarterly, showing all disbursements, including Amara's advisory fees, deducted from the account. The Client is encouraged to review all account statements for accuracy. It is the Client's responsibility (and not the custodian's) to ensure the fee and its calculation in relation to the Client's account is correct. Please note that the fees charged by investment company funds and the Client's custodian are exclusive of, and in addition to, Amara's investment advisory fee. Please refer to Item 5.B below.

An Agreement for a separately managed account can be cancelled at any time, by either party, for any reason, customarily upon receipt of 30 days written notice. The advance notice requirement for termination varies by agreement. Upon termination of any account, any prepaid, unearned fees will be promptly refunded and any earned, unpaid fees will be due and payable.

**D. Outside Compensation**

Neither Amara, nor any of its supervised persons, engages in any outside business activity that would result in accepting compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

**ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

The Firm does not charge performance-based fees (*i.e.*, fees calculated based on a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client). Consequently, the Firm does not engage in side-by-side management of accounts that are charged a performance-based fee with accounts that are charged another type of fee (such as assets under management). As described above, the Firm provides advisory services for a percentage of assets under management, in accordance with applicable law.

**ITEM 7: TYPES OF CLIENTS**

**A. Description**

Amara provides discretionary investment supervisory and management services on a continuous basis to individuals, high net worth individuals, corporations, and pension and profit sharing plans ("Client").

**B. Conditions for Managing Accounts**

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. Prior to engaging the Firm to provide any of the investment advisory services described in this Brochure, the Client will be required to enter into one or more written Agreements with the Firm setting forth the terms and conditions under which the Firm shall render its services.

## **ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

Amara approaches investment analysis, portfolio design, and implementation from a client specific perspective that is generally geared towards long term growth. Amara uses a goals-based approach to investment management. The primary areas taken into consideration are time frame, risk tolerance, asset allocation, tax considerations, and investment selection.

### **A. Methods of Analysis and Investment Strategies**

#### **Macroeconomic Approach:**

Developing and managing investment portfolios uses certain fundamental assumptions with regards to the factors that most influence investment success; among these factors are asset allocation, value criteria, size criteria, fees and expenses. Amara designs its model portfolios to harness these factors and implements its strategy using ETFs and mutual funds to create diversified portfolios.

Additionally, Amara uses these two primary methods of analysis for security selection:

- Fundamental Analysis: analysis performed on historical and present data, with the goal of making financial forecasts, and
- Technical Analysis: analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices.

#### **Investment Manager Due Diligence**

Where Amara invests its Clients' assets with independent managers, such as a mutual fund or ETF, it selects such products intended to pursue investment approaches that are focused and are diversified among multiple asset classes, regions, industry sectors and securities. In selecting an independently investment, Amara considers both quantitative and qualitative factors including:

- The clarity of, and adherence to, viable investment policies and philosophies
- Relative risk/reward performance during various time periods and market cycles
- Industry reputation including compliance and business enterprise risks
- Experience and training of staff investment professionals
- Risk management process
- Portfolio management capabilities
- Fee structure
- Any other factor deemed appropriate by Amara.

A risk of investing in mutual funds or ETFs is that Amara does not control the underlying investment selections in the mutual fund or ETF portfolios. The portfolio management team might change or the management change might deviate from its originally stated investment strategy, making it a less suitable investment for our Clients. Amara does not control or oversee mutual fund or ETF daily business and compliance operations, and therefore could be unaware of negative new developments, increasing the potential for business, regulatory or reputational deficiencies. Additionally, past risk/reward success might not be able to be replicated in the future.

Amara uses various databases of information in order to facilitate the discovery process on each investment manager.

Amara Financial does not receive soft dollars from independent managers.

## **B. Investment Strategies**

Amara structures portfolios using the methodology described above. Amara believes that Clients will benefit from having a portfolio of holdings invested in a variety of asset classes. Generally, Amara seeks to invest in non-correlated asset classes, which Amara believes will mitigate portfolio investment risk.

### **Asset Allocation**

Amara strategically structures portfolios using the principles of Modern Portfolio Theory (“MPT”). MPT is an investment methodology that suggests that investors could benefit from having a portfolio of holdings invested in a variety of asset classes. To the extent that these asset classes are non-correlated, the portfolio should experience investment returns with mitigated risk. Amara constructs Client investment portfolios based upon the premise that asset allocation models can be developed using historical performance data and academically tested assumptions about the future, and that this information can be used to optimize the risk-adjusted expected rate of return of a given portfolio. Amara offers a selection of modeled portfolios that offer a range of equity and fixed income exposure levels.

An asset class is a group of economic resources sharing similar characteristics, such as riskiness and return. There are many types of assets that might be included in an asset allocation strategy. The “traditional” asset classes are (i) stocks; large-cap, mid-cap, small-cap or micro-cap; domestic; foreign [developed], emerging or frontier markets; (ii) bonds (fixed income): corporate or government; investment-grade determination (investment grade vs junk bond, as an example); maturity determination (short-term, intermediate, long-term); location (domestic, foreign, emerging markets), and (iii) cash or cash equivalents. Allocation among these three provides a starting point. Hybrid instruments such as convertible bonds and preferred stocks, might be included in the mix of bonds and stocks. Additionally, alternative assets might be incorporated to assist in diversification and non-correlation, including such alternative assets such as: commodities: precious metals, nonferrous metals, agriculture, energy, and commercial or residential real estate or REITs, among others.

## **C. Risk of Loss**

### **General Investment Risks**

Investing in securities involves certain investment risks. Securities fluctuate in value and can lose value. Clients should be prepared to bear the potential risk of loss. Amara will assist Clients in determining an appropriate strategy based on their tolerance and capacity for risk and other factors noted above. However, there is no guarantee that a Client will meet his/ her/ its investment goals.

Past performance is not indicative of future results. Therefore, Clients should never assume that future performance of any specific investment or investment strategy will be profitable.

Investing in securities (including stocks, mutual funds, and bonds, etc.) involves risk of loss. Further, depending on the different types of investments there are varying degrees of risk.

Because of the inherent risk of loss associated with investing, the Firm is unable to represent, guarantee, or even imply that its services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate Clients from losses due to market corrections or declines.

Each Client engagement will generally entail a review of the Client's investment goals, financial situation, time horizon, tolerance for risk and other factors to develop an appropriate strategy for managing a Client's account. Client participation in this process, including full and accurate disclosure of requested information, is essential for the analysis of a Client's account. The Firm shall rely on the financial and other information provided by the Client or their designees without the duty or obligation to validate the accuracy and completeness of the provided information. It is the responsibility of the Client to inform the Firm of any changes in financial condition, goals or other factors that might affect this analysis.

### **Other Risks**

Different types of investments involve varying degrees of risk, including the possible loss of principal and that past performance is not necessarily indicative of future results. Therefore, it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies undertaken by Amara) will be profitable. Below are various investment risks, among others that could apply:

- **Market (systematic) Risk**: The price of a security, bond, or mutual fund could drop in reaction to tangible and intangible events and conditions. This type of risk could be caused by external factors independent of the fund's specific investments as well as due to the fund's specific investments. Additionally, each security's price will fluctuate based on market movement and emotion, which may, or may not be due to the security's operations or changes in its true value. For example, political, economic and social conditions may trigger market events which are temporarily negative, or temporarily positive
- **Unsystematic Risk**: Unsystematic risk is the company-specific or industry-specific risk in a portfolio. The combination of market (systematic) risk and unsystematic risk is defined as the portfolio risk that the investor bears. While the investor can do little to reduce systematic risk, he or she can affect unsystematic risk. Unsystematic risk may be significantly reduced through diversification. However, even a portfolio of well-diversified assets cannot escape all risk.
- **Non-diversification risk**: The risk of focusing investments in a small number of issuers, industries or foreign currencies, including being more susceptible to risks associated with a single economic, political or regulatory occurrence than a more diversified portfolio might be.
- **Equity (stock) Market Risk**: Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If Client held common stock, or common stock

equivalents, of any given issuer, Client would generally be exposed to greater risk than if Client held preferred stocks and debt obligations of the issuer.

- Fixed Income Risk: When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- Emerging Markets Risk: Securities markets in emerging market countries are typically smaller than those in more developed countries, making it more difficult to sell securities in order to take profits or avoid losses. Companies in these markets normally have limited product lines, markets or resources, making it difficult to measure the value of the company. Potential political instability and corruption, as well as lower standards of regulation for business practices, increase the possibility of fraud and other legal problems. Public information is generally limited with respect to emerging markets issuers and emerging markets issuers are not generally subject to uniform accounting, auditing and financial standards and requirements comparable to those applicable to U.S. companies. Therefore, the value of strategies that invest in emerging markets have the propensity to rise and fall substantially.
- Foreign Investment Risk: Investments in foreign securities could be riskier than U.S. investments because of factors such as: unstable international, political and economic conditions; currency fluctuations; foreign controls on investment and currency exchange; foreign governmental control of some issuers; potential confiscatory taxation or nationalization of companies by foreign governments; withholding taxes; a lack of adequate company information; less liquid and more volatile exchanges and/or markets; ineffective or detrimental government regulation; varying accounting standards; political or economic factors that could severely limit business activities; and legal systems or market practices that could permit inequitable treatment of minority and/or non-domestic investors. Investments in emerging markets could involve these and other significant risks such as less mature economic structures and less developed and more thinly traded securities markets.
- Political and Legislative Risks: Most investments have a global component, even domestic stocks. Political events anywhere in the world may have unforeseen consequences to markets around the world.
- Regulatory Risk: Changes in laws and regulations from any government can change the market value of companies subject to such regulations. Certain industries are more susceptible to government regulation. Changes in zoning, tax structure or laws impact the return on these investments.
- Currency Risk: Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange-rate risk.
- Interest rate risk: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline
- Reinvestment Risk: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.

- Inflation Risk: When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- High Yield Risk: High yield securities and unrated securities of similar credit quality (commonly known as “junk bonds”) are subject to greater levels of credit and liquidity risks.
- Purchasing Power Risk: Purchasing power risk is the risk that your investment’s value will decline as the price of goods rises (inflation). The investment’s value itself does not decline, but its relative value does, which is the same thing. Inflation can happen for a variety of complex reasons, including a growing economy and a rising money supply. Rising inflation means that if you have \$1,000 and inflation rises 5 percent in a year, your \$1,000 has lost 5 percent of its value, as it cannot buy what it could buy a year previous.
- Opportunity Cost Risk: The risk that an investor could forego profits or returns from other investments.
- Liquidity Risk: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- Financial Risk: Excessive borrowing to finance a business’ operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value
- Management Risk: Client’s investment with the Firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.
- ETF Risks: The performance of ETFs is subject to market risk, including the possible loss of principal. The price of the ETFs will fluctuate with the price of the underlying securities that make up the funds. In addition, ETFs have a trading risk based on the loss of cost efficiency if the ETFs are traded actively and a liquidity risk if the ETF has a large bid-ask spread and low trading volume. The price of an ETF fluctuates based upon the market movements and may dissociate from the index being tracked by the ETF or the price of the underlying investments. An ETF purchased or sold at one point in the day may have a different price than the same ETF purchased or sold a short time later.
- Mutual Fund Risks: The performance of mutual funds is subject to market risk, including the possible loss of principal. The price of the mutual funds will fluctuate with the value of the underlying securities that make up the funds. The price of a mutual fund is typically set daily therefore a mutual fund purchased at one point in the day will typically have the same price as a mutual fund purchased later that same day.

It bears to say that every method of analysis has its own inherent risks.

## **ITEM 9: 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.

## **ITEM 10: 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 as part of their financial plan. 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.

Neither Amara, nor any of its management persons, are registered, or have an application pending to register, as a broker dealer, a registered representative of a broker-dealer, a futures commission merchant, commodity pool operator, a commodity pool trading advisor or an associated person of the foregoing entities. Further, Amara does not select other investment advisers to manage some or all of the Clients assets.

## **ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **A. 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 are potentially able to transact in the same securities for personal accounts as they 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.

**B. Participation or Interest in Client Transaction**

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.

Amara or individuals associated with Amara could buy or sell for their personal account(s) securities or investment products identical to those recommended to or already owned by Clients. Alternatively, Amara could cause Clients to buy a security in which Amara or such individuals have an ownership position. Such recommendations will only be made to the extent that they are reasonably believed to be in the best interests of the Client. Nevertheless, such practices present potential conflicts of interest. To mitigate these conflicts, Amara has adopted a Code of Ethics, which outlines the procedures regarding personal trading that must be followed (see details below). Additionally, as part of Amara's fiduciary duty to Clients, Amara and its supervised persons will endeavor at all times to put the interests of the Clients first and at all times are required to adhere to Amara's Code of Ethics.

**C. Personal Trading**

On occasion, employees of Amara buy for their own accounts securities which Amara also recommends to Clients. Officers or employees of Amara will sometimes buy or sell securities or other instruments that Amara has recommended to Clients and could 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 raise 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 could also buy or sell specific securities for their own accounts based on personal investment considerations, which Amara does not deem appropriate to buy or sell for Clients.

## **ITEM 12: BROKERAGE PRACTICES**

When the Firm places orders for the execution of portfolio transactions for client accounts, transactions are allocated to brokers and dealers for execution in various markets at prices and commission rates that, based upon good faith judgment, will be in the best interest of the client. In addition to using brokers as “agents” and paying commissions, the Firm could possibly affect transactions in securities directly from or to dealers acting as principal at prices that include markups or markdowns and could possibly purchase from underwriters or dealers in public offerings at prices that include compensation to the underwriters and dealers.

The following discussion summarizes the material aspects of the Firm’s practices for the selection of broker-dealers to execute Client transactions.

### **A. Discretionary Authority and Selection Criteria**

Amara will have discretionary authority to make the following determinations without first obtaining client’s permission for each transaction:

- The securities that are to be bought or sold;
- The total amount of the securities to be bought or sold;
- The brokers through which securities are to be bought or sold; and
- The commission rates at which securities transactions for client accounts are effected.

All separately managed account clients are required to establish custodial accounts with a qualified custodian of record. Amara will only implement its investment management recommendations after the client has arranged for and furnished the Firm with all information and authorization regarding accounts with appropriate financial institutions to act as custodian. In addition, in most cases, a client’s broker-dealer also acts as the custodian of the client’s assets for little or no extra cost. Clients should thoroughly consider, however, the differences between having their assets custodied at a broker-dealer versus at a bank or trust company. Some of these differences include, but are not limited to, custodian costs, trading issues, security of assets, client reporting, and technology.

Factors which Amara considers in selecting broker-dealers include their respective financial strength, reputation, execution, pricing, research, and service. The commissions and/or

transaction fees charged by particular brokers selected by Amara could be higher or lower than those charged by other broker-dealers.

Amara generally effects all transactions for separately managed accounts through the broker-dealer. Amara periodically evaluates the commissions charged and the service provided by the broker-dealer and compares those with other broker-dealers to evaluate whether overall best qualitative execution could be achieved by using alternative broker-dealers. Other factors Amara generally considers when evaluating its choice of broker dealer include:

- Ability to trade mutual funds and other investments that Amara determines suitable for a client's portfolio;
- Any custodial relationship between the client and the broker-dealer;
- Excellent customer service;
- Interaction simplicity with the Adviser;
- Discount transaction rates; and
- Reliability and financial stability.

For those clients who select broker-dealers not recommended by Amara, clients should be aware that Amara might not be able to negotiate specific brokerage commission rates with the broker on the client's behalf, or seek better execution services or prices from other broker-dealers. As a result, the client could pay higher commissions and/or receive less favorable net prices on transactions for their account than might otherwise be the case and that Amara will have limited ability to ensure the broker-dealer selected by the client will provide best possible execution.

## **B. Best Execution**

Amara will generally seek "best execution" in light of the circumstances involved in transactions. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the overall best qualitative execution, taking into consideration the full range of a broker-dealer's services, including among others, net price, reputation, financial strength and stability, efficiency of execution and error resolution, the size of the transaction, and the market for the security. Amara will not obligate itself to obtain the lowest commission or best net price for an account on any particular transaction. Consistent with the foregoing, while Amara will seek competitive rates, it is possible that it will not necessarily obtain the lowest possible commission rates for client transactions.

To ensure that brokerage firms selected by Amara are conducting overall best qualitative execution, Amara will periodically (and no less often than annually) evaluate the trading process and brokers utilized. This evaluation will include, but is not limited to price, commission, timing, research, aggregated trades, capable floor brokers or traders, competent block trading coverage, ability to position, capital strength and stability, reliable and accurate communications and settlement processing, use of automation, knowledge of other buyers or sellers, and administrative ability.

### **1. Research and Other Soft Dollar Benefits**

Amara maintains relationships with, and recommends the services of various qualified third party broker-dealer custodians. In connection with these relationships, Amara receives certain benefits.

As further described below, such benefits include research reports, services and seminars, computer software and other products and services to assist the Firm in research and other facets of its day-to-day activities. Selecting a broker-dealer in recognition of the provision of services or products other than transaction execution is known as paying for those services or products with “soft dollars.” The Firm’s receipt of soft dollar services and products benefit Amara since client brokerage fees are used to obtain such benefits and the Firm does not have to produce or pay for the research, products, or services. Consequently, Amara has an incentive to select or recommend a broker-dealer based on these benefits rather than in the clients’ interest in receiving most favorable execution. These practices could also cause clients to pay fees that are higher than those that another qualified broker-dealer might charge to effect the same or similar transaction. Some of these services are provided to Amara as part of a “bundled package” from the broker-dealer. Amara does not attempt to match a particular client’s trade executions with broker-dealers who have provided research services which have directly benefited that client’s portfolio. Rather, research services and other soft dollar benefits received by Amara are generally used for the ultimate benefit of all of its clients. Alternatively, some of the services benefit only a specific segment of Amara’s clients.

To help mitigate the conflicts of interest created by Amara’s receipt of soft dollar benefits and to help ensure that broker-dealer custodians recommended by the Firm are conducting overall best qualitative execution, Amara will periodically evaluate its trading process and brokers utilized. Amara will review the brokerage firm’s services, their value added to the Firm’s investment process along with the broker’s ability to affect trades in a fair and timely manner at competitive commission rates. At that time brokerage firms not currently utilized will be considered for inclusion if Amara deems that such brokerage firms will significantly improve the Firm’s overall management of client accounts.

## **2. Economic Benefits of Being on the Schwab Platform**

Amara typically recommends that clients establish brokerage accounts with the Schwab Advisor Services division of Charles Schwab & Co., Inc. (“Schwab”), a registered broker-dealer, member SIPC, to maintain custody of clients’ assets and to effect trades for their accounts. The final decision to custody assets with Schwab is at the discretion of the client, including those accounts under ERISA or IRA rules and regulations, in which case the client is acting as either the plan sponsor or IRA accountholder. Amara is independently owned and operated and not affiliated with Schwab. Schwab provides Amara with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to advisors. Schwab’s services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

Schwab also makes available to Amara other products and services that benefit Amara but not its clients’ accounts. These benefits include national, regional, or Amara-specific educational events organized and/or sponsored by Schwab Advisor Services. Other potential benefits include occasional business entertainment of personnel of Amara by Schwab Advisor Services personnel some of which accompany educational opportunities. Other of these products and services assist

Amara in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of Amara fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping, and client reporting. Many of these services generally are used to service all or some substantial number of Amara's accounts, including accounts not maintained at Schwab Advisor Services. Schwab Advisor Services also makes available to Amara other services intended to help Amara manage and further develop its business enterprise. These services might include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance, and marketing. In addition, Schwab may make available, arrange and/or pay vendors for these types of services rendered to Amara by independent third parties. Schwab Advisor Services may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to Amara. While, as a fiduciary, Amara endeavors to act in its clients' best interests, Amara's recommendation that clients maintain their assets in accounts at Schwab is based in part on the benefit to Amara of the availability of some of the foregoing products and services and other arrangements and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which creates a conflict of interest.

### **3. Directed Brokerage**

Currently, Amara does not accept Client directed brokerage arrangements.

### **C. Trade Aggregation and Allocation**

Amara typically effects transactions for each client account independently, and therefore is usually unable to aggregate client orders. However, where practicable, the Firm will aggregate trades of accounts. Trade aggregation, or "bunching of orders," might result in better execution and/or better realized prices. Because Amara's Investment Management Services utilize various types of investments and securities, it may not be possible bunch orders. Alternatively, even when possible, Amara may not be able to execute all shares of an aggregated trade because of prevailing market conditions and other variables, in which case the Firm will allocate the trade among participating accounts in an equitable manner determined prior to execution of the trade. In certain cases, the Firm may not be able to purchase or sell the same security for all clients that could transact in the security, which is generally based on various factors such as the type of security, size of the account, cash availability and account restrictions.

## **ITEM 13: REVIEW OF ACCOUNTS**

### **A. Periodic Reviews**

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 annually. 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.

**B. Other Reviews and Triggering Events**

In addition to the periodic reviews described above, reviews might 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.

**C. Regular Reports**

Written account statements are generated no less than quarterly and are sent directly from the account custodian. These statements list the account positions, activity in the account over the covered period, and other related information, including any fees deducted from the account. Clients are also sent confirmations following each brokerage account transaction unless confirmations have been waived. Clients are urged to carefully review all account statements.

In addition, clients should receive other supporting reports from mutual funds, trust companies, broker-dealers or insurance companies based on their involvement with the account and their applicable internal reporting requirements.

**ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

**A. Incoming Referrals**

Currently, Amara does not have any solicitation or referral arrangements in place whereby the Firm compensates referring parties for these referrals. However, Amara could in the future enter into agreements with individuals and organizations, some of whom might 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.

**B. Referring Clients to Third Parties**

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.

**C. Economic Benefits Received**

**1. Soft-Dollar Benefits**

As discussed under Item 12, Amara enters into "soft-dollar" arrangements whereby brokerage transactions are directed to certain broker-dealers in return for investment research products and/or services which assist Amara in its investment decision-making process. The receipt of such services might be deemed to be the receipt of an economic benefit by Amara, and although customary, these arrangements give rise to conflicts of interest, including the incentive to allocate securities transactional business to broker-dealers based on the receipt of such benefits rather than on a Client's interest in receiving most favorable execution.

**2. Economic Benefits of Being on the Schwab Platform**

As discussed under Item 12, Amara typically recommends that clients establish brokerage accounts with the Schwab to maintain custody of clients' assets and to effect trades for their accounts.

Schwab makes available to Amara certain products and services that benefit Amara, but not its clients' accounts such as educational events, entertainment and other services. This arrangement gives rise to conflicts of interest, including the incentive to allocate securities transactional business to Schwab based on the receipt of such benefits. Please refer to Item 12 above for additional information.

### **ITEM 15: CUSTODY**

Under federal regulations, Amara is deemed to have custody of Client funds or securities by reason of the fact that Amara has authority to debit its fees directly from the Client's account. To mitigate any potential conflicts of interests, all Amara client account assets will be maintained with an independent qualified custodian.

Clients will receive statements on at least a quarterly basis directly from the qualified custodian that holds and maintains their assets. Clients are urged to carefully review all custodial statements and compare them to any account reports provided by Amara. Amara reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. Please refer to Item 12 for additional important disclosure information relating to Amara's practices and relationships with custodians.

Under federal regulations, advisers with custody are generally required to undergo an independent verification of the assets for which the adviser has custody through an annual surprise examination by an independent certified public accountant. Advisers, such as Amara, which are deemed to have custody solely as a consequence of the authority to debit fees directly from Client accounts are not required to obtain an independent verification of those Client funds and securities maintained by a qualified custodian so long as certain steps are followed. This includes providing each Client with an invoice or similar statement that includes the adviser's fee and information on how it was calculated. Clients should understand that it is their responsibility to ensure that the fee calculation is correct, and not the custodian.

If funds or securities are inadvertently received by Amara, they are returned to the sender immediately or as soon as practical.

### **ITEM 16: INVESTMENT DISCRETION**

#### **A. Discretionary Authority; Limitations**

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. In addition, Amara's authority to trade securities may be limited in certain circumstances by applicable legal and regulatory requirements.

#### **B. Limited Power of Attorney**

By signing Amara's Agreement, Clients authorize Amara to exercise this full discretionary authority with respect to all investment transactions involving the Client's investment

management account. Pursuant to such Agreement, Amara is designated as the Client's attorney-in-fact with discretionary authority to effect investment transactions in the Client's account which authorizes Amara to give instructions to third parties in furtherance of such authority.

#### **ITEM 17: VOTING CLIENT SECURITIES**

Amara's policy and practice is to not vote proxies on behalf of its Clients and therefore, shall have no obligation or authority to take any action or render any advice with respect to the voting of proxies solicited by or with respect to issuers of securities held in a Client's account, unless the account is an ERISA account and such authority has not been delegated to another named fiduciary in the plan's written documents. Consequently, the Client retains the responsibility for receiving and voting all proxies for securities held within the Client's account, and all proxy solicitations related to securities held by Clients will be sent directly to Clients for voting. In the event a proxy solicitation is sent to Amara on a Client's behalf, it is the Firm's practice to forward the solicitation to the Client's address of record immediately so that they may cast the proxy vote. Amara shall not be deemed to have proxy voting authority solely as a result of providing advice or information about a particular proxy vote to a Client.

Amara typically does not advise or act for Clients with respect to any legal matters, including bankruptcies and class actions, for the securities held in Clients' accounts.

#### **ITEM 18: FINANCIAL INFORMATION**

Amara does not require or solicit prepayment of more than \$1,200 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.