



**ROYAL**  
FUND MANAGEMENT, LLC  
*Client First*

# Royal Fund Management, LLC FIRM BROCHURE

This brochure provides information about the qualifications and business practices of Royal Fund Management, LLC. If you have any questions about the contents of this brochure, please contact us at (352) 750-1637 or by email at: [mail@royalfundmanagement.com](mailto:mail@royalfundmanagement.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Royal Fund Management, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Royal Fund Management, LLC's CRD number is: 144434

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Registration does not imply a certain level of skill or training.

Version Date: March 26, 2024

## **Item 2 Summary of Material Changes**

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since our annual updating amendment dated March 17, 2023, we have had no material changes to our Brochure.

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## **Item 4 Advisory Business**

### **A. Description of the Advisory Firm**

This firm has been in business since August 7, 2007, and the principal owner is Mark Royal Sorensen.

### **B. Types of Advisory Services**

Royal Fund Management (hereinafter "RFM") offers the following services to advisory clients:

#### ***Investment Supervisory Services***

RFM offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. RFM creates an Investment Policy Statement for each client, which outlines the client's current situation (income, tax levels, and risk tolerance levels) and then constructs a plan (the Investment Policy Statement) to aid in the selection of a portfolio that matches each client's specific situation. Investment Supervisory Services include, but are not limited to, the following:

- Investment strategy
- Personal investment policy
- Asset allocation
- Asset selection
- Risk tolerance
- Regular portfolio monitoring

RFM evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

#### ***Financial Planning***

Financial plans and financial planning may include, but are not limited to: investment planning; life insurance; tax concerns; retirement planning; college planning; and debt/credit planning. These services are based on fixed fees or hourly fees, and the final fee structure is documented in Exhibit II of the Financial Planning Agreement.

#### ***Financial Consulting Services - Advice on Held Away Assets***

We offer financial consulting services that primarily involve advising clients on specific financial-related topics. More specifically, we offer assistance to clients who seek advice in choosing and allocating investments within their variable annuity or other held away assets.

#### ***Selection of Other Advisers***

As part of our investment advisory services, we may recommend that you use the services of a third party money manager ("MM") to manage all, or a portion of, your investment portfolio. After gathering information about your financial situation and objectives, we will recommend that you engage a specific MM or investment program. Factors that we take into consideration when making our recommendation(s) include, but are not limited to, the following: the MM's performance, methods of analysis, fees, your financial needs, investment goals, risk tolerance, and investment objectives. We will periodically monitor the MM(s)' performance to ensure its management and investment style remains aligned with your investment goals and objectives.

#### ***Pension Consulting Services***

We offer pension consulting services to employee benefit plans and their fiduciaries based upon the needs of the plan and the services requested by the plan sponsor or named fiduciary. In general, these services may include an existing plan review and analysis, plan-level advice regarding fund selection

and investment options, education services to plan participants, investment performance monitoring, and/or ongoing consulting. These pension consulting services will generally be non-discretionary and advisory in nature (a 3(21) fiduciary) but, depending on the engagement, we may also agree to serve as a 3(38) fiduciary. The ultimate decision to act on behalf of the plan shall remain with the plan sponsor or other named fiduciary.

We may also assist with participant enrollment meetings and provide investment-related educational seminars to plan participants on such topics as:

- Diversification
- Asset allocation
- Risk tolerance
- Time horizon

Our educational seminars may include other investment-related topics specific to the particular plan.

We may also provide additional types of pension consulting services to plans on an individually negotiated basis. All services, whether discussed above or customized for the plan based upon requirements from the plan fiduciaries (which may include additional plan-level or participant-level services), shall be detailed in a written agreement and be consistent with the parameters set forth in the plan documents.

Either party to the pension consulting agreement may terminate the agreement upon written notice to the other party in accordance with the terms of the agreement for services. The pension consulting fees will be prorated for the quarter in which the termination notice is given and any unearned fees will be refunded to the client.

#### ***Services Limited to Specific Types of Investments***

RFM limits its investment advice and/or money management to mutual funds, equities, bonds, fixed income, debt securities, ETFs, real estate, REITs, insurance products including annuities and government securities. RFM may use other securities as well to help diversify a portfolio when applicable.

We offer Non-Traded REITs from Cantor Fitzgerald. We also offer a StoneCastle Program, which is an FDIC cash alternative from which StoneCastle will pay us 0.10% of the yield. This presents a conflict of interest since we have a financial incentive to recommend the StoneCastle Program over other cash alternatives. You are under no obligation, however, to accept any recommendation that we may provide.

#### ***Participant Account Management***

Royal Fund Management, LLC, under the Other Business Name of 401(k) Maneuver, offers assistance to plan participants who seek advice in choosing and allocating investments within their 401(k), 403(b), 457 or similar defined contribution plan.

#### ***Participant Account Management (Non-Discretionary)***

Adviser will provide Quarterly Allocation Recommendations on a non-discretionary basis. Recommendations will consider clients' investment goals and risk tolerance and will be evaluated based on analysis of current economic and market conditions and trends. The goal of the Quarterly Allocation Recommendations is to potentially optimize performance over the long term and to provide downside risk management. Quarterly Allocation Recommendations are sent to the clients via email within 5 days after the end of each calendar quarter. If client elects to follow any recommendations

received from Adviser, Client is solely responsible for implementation of any such recommendations; Adviser will not implement transactions or act as custodian for any 401(k) accounts or similar defined contribution accounts.

**Participant Account Management (Discretionary)**

We use a platform provided by Pontera Solutions, Inc (formerly FeeX, Inc.) ("Pontera") to manage held away assets such as defined contribution plan participant accounts, with discretion. The Pontera platform allows us to avoid being considered to have custody of Client funds since we do not have direct access to or direct use of Client log-in credentials to affect trades. We are not affiliated with Pontera in any way and receive no compensation from Pontera for using their platform.

A link will be provided to the Client allowing them to connect an account(s) to the platform provided by Pontera. Once Client account(s) is connected to the platform, Adviser will review the current account allocations. When deemed necessary, Adviser will rebalance the account considering client investment goals and risk tolerance, and any change in allocations will consider current economic and market trends. The goal is to improve account performance over time, minimize loss during difficult markets, and manage internal fees that harm account performance. Client account(s) will be reviewed at least quarterly and allocation changes will be made as deemed necessary by Adviser. Client will receive an email notification every time their account is reviewed.

**C. Client Tailored Services and Client Imposed Restrictions**

RFM offers the same suite of services to all of its clients. However, specific client financial plans and their implementation are dependent upon the client Investment Policy Statement, which outlines each client's current situation (income, tax levels, and risk tolerance levels) and is used to construct a client specific plan to aid in the selection of a portfolio that matches restrictions, needs, and targets.

As part of our portfolio management services, in addition to other types of investments, we may invest your assets according to one or more strategies developed by our firm. These strategies are designed for investors with varying degrees of risk tolerance ranging from a more aggressive investment strategy to a more conservative investment approach. Clients whose assets are invested in these strategies may set restrictions on the specific holdings or allocations within the strategy or on the types of securities that can be purchased in the strategy.

**D. Wrap Fee Programs**

RFM does not participate in any wrap fee programs.

**E. Amounts Under Management**

RFM has the following assets under management:

<b>Discretionary Amounts:</b>	<b>Non-discretionary Amounts:</b>	<b>Date Calculated:</b>
\$1,215,013,663	\$146,835,754	02/29/2024

**F. Plan-Level Retirement Plan Advisory Services**

RFM provides a broad range of services to qualified retirement plans ("Plans") with an emphasis on participant-directed account programs such as 401(k) Plans. For example, the following investment services may be selected by the Plan and are rendered by RFM as an ERISA fiduciary:

1. *Plan-level Investment Advice.* RFM will serve in a discretionary investment manager role (known as an ERISA 3(38) Manager) or in a non-discretionary investment advisor role (known as an ERISA 3(21) Advisor). In either case, RFM may be working with (i) the investment

options and asset classes to be offered under the Plan to its participants, (ii) the establishment of a qualified default investment alternative (known as a QDIA), or (iii) establishing a risk-based asset allocation for different strategies we might use.

2. *Investment Policy Statement.* RFM will work with the Plan on the establishment of an appropriate investment policy statement.

RFM also provides non-fiduciary consulting and support to Plans. For example, RFM provides investment education to Plan participants about the Plan, how to enroll, and the importance of saving for retirement. RFM also provides non-fiduciary plan education and information to the employer in its role as the Plan sponsor.

The complete list of services to be provided to Plans, the RFM advisory fee schedule and all other governing terms and conditions of the Plan Advisory Services arrangement (which may vary from those otherwise disclosed in this Form ADV Part 2a), are set forth in the Retirement Plan Investment Advisory Agreement, which every Plan must execute with RFM.

### **G. IRA Rollover Recommendations**

Effective December 20, 2021 (or such later date as the US Department of Labor ("DOL") Field Assistance Bulletin 2018-02 ceases to be in effect), for purposes of complying with the DOL's Prohibited Transaction Exemption 2020-02 ("PTE 2020-02") where applicable, we are providing the following acknowledgment to you.

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

We benefit financially from the rollover of your assets from a retirement account to an account that we manage or provide investment advice because the assets increase our assets under management and, in turn, our advisory fees. As a fiduciary, we only recommend a rollover when we believe it is in your best interest.

## Item 5 Fees and Compensation

### A. Fee Schedule

#### *Investment Supervisory Services Fees*

<b>Total Assets Under Management</b>	<b>Annual Fee</b>
Under \$100,000	2.00%
\$100,000 - \$1,000,000	1.50%
Above \$1,000,000	1.25%

Certain existing clients may be billed under a different fee schedule.

In addition to the above, if you enroll in our Dividend Enhancement Overlay Strategy, we charge an additional 0.25%. Any clients enrolled in the strategy prior to March 31, 2017 will not incur an additional charge.

These fees are negotiable and the final fee schedule is attached as Exhibit II of the Investment Advisory Contract. Fees are paid quarterly in arrears, and clients may terminate their contracts with thirty days' written notice. Because fees are charged in arrears, no refund policy is necessary. Clients may terminate their accounts without penalty within 5 business days of signing the advisory contract. Advisory fees are withdrawn directly from the client's accounts with client written authorization.

Additionally, accounts managed with option strategies will be charged based on the following fee schedule:

<b>Total Assets Under Management</b>	<b>Annual Fee</b>
\$100,000 - \$250,000	2.00%
\$250,001 - \$500,000	1.75%
\$500,001 and Above	1.50%

#### *Financial Planning Fees*

##### **Fixed Fees**

Depending upon the complexity of the situation and the needs of the client, the typical rate for creating client financial plans is between \$250 and \$10,000. In some instances, the complexity of the client's financial situation or the need to apply specialized knowledge or experience may warrant charging a fee in excess of \$10,000. In such cases, the reasons for the higher fee will be discussed with the client and the fee disclosed prior to the client executing the Financial Planning Agreement. Fees are paid in arrears upon completion. Because fees are charged in arrears, no refund is necessary. The fees are negotiable, and the final fee schedule will be attached as Exhibit II of the Financial Planning Agreement. Clients may terminate their contracts without penalty within five business days of signing the advisory contract.



### **Hourly Fees**

Depending upon the complexity of the situation and the needs of the client, the hourly fee for these services is \$250. The fees are negotiable, and the final fee schedule will be attached as Exhibit II of the Financial Planning Agreement. Fees are paid in arrears upon completion. Because fees are charged in arrears, no refund is necessary. Clients may terminate their contracts without penalty within five business days of signing the advisory contract.

### **Selection of Other Advisers**

Depending on the MM selected, you may be required to sign an agreement directly with the recommended MM or a limited power of attorney allowing the MM to debit their fees. Should you wish to terminate your advisory relationship with a MM, you should contact your Royal Fund Management, LLC investment adviser representative.

Advisory fees charged by MM's are separate and apart from our advisory fees. Assets managed by MM's will be included in calculating our advisory fee, which is based on the fee schedule set forth in the *Portfolio Management Services* section in this brochure. Advisory fees that you pay to MM(s) vary depending on the manager selected and will be disclosed on either the MM's advisory contract or on the Royal Fund Management, LLC Investment Advisory Contract. These fees may or may not be negotiable. You should review the applicable contract and take into consideration the MM's fees along with our fees to determine the total amount of fees associated with this program.

At our discretion, we may combine the account values of family members living in the same household to determine the applicable advisory fee. For example, we may combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts. Combining account values may increase the asset total, which may result in your paying a reduced advisory fee based on the available breakpoints in our fee schedule stated above.

We encourage you to reconcile our invoices with the statement(s) you receive from the qualified custodian. If you find any inconsistent information between our invoice and the statement(s) you receive from the qualified custodian, please call our main office number located on the cover page of this brochure.

### **Financial Consulting Services - Advice on Held Away Assets**

<b>Total Assets Under Management</b>	<b>Quarterly Fee</b>
\$0 to \$100,000	0.5%
Over \$100,000 to \$1,000,000	0.375%
Over \$1,000,000	0.3125%

The fee for held away assets may be paid via credit card or through a deduction from the client's Schwab account and is billed either quarterly or monthly (depending on the payment method selected). The fee is based on the tiered fee schedule with a minimum fee of \$120 per year.

## ***Participant Account Management***

<b>Total Assets Under Management</b>	<b>Quarterly Fee</b>
\$0 to \$200,000	0.25%
Over \$200,000 to \$500,000	0.20%
Over \$500,000	0.15%

The minimum fee for this service is \$120 per year paid monthly. Fees are collected either by check via a mailed quarterly invoice, debited quarterly from a Schwab account, charged monthly to the client's credit card via a credit card authorization form or, when available, debited quarterly from the plan participants' defined contribution plan account. The advice provided is delivered on a quarterly basis. Client will be charged the remaining monthly installments for the current calendar quarter when paying monthly by credit card.

For discretionary management, fee payments are adjusted quarterly based on the quarter end account valuation. For non-discretionary management, fee payments are adjusted annually based on the December 31<sup>st</sup> statement value.

For Plan Level Agreements, the fee is 0.25% quarterly and is not tiered. The fee is negotiable by the Plan Sponsor. There is no minimum fee for participants enrolled via a Plan Level Agreement. Fee payments are adjusted quarterly based on the quarter end participant account valuation whether the service is discretionary or non-discretionary.

Certain existing clients may be billed under a different fee schedule.

### **B. Payment of Fees**

#### ***Payment of Investment Supervisory Fees***

Advisory fees are withdrawn directly from the client's accounts with client written authorization. Fees are paid quarterly in arrears based on the value of your account on the last day of the quarter.

Advisory fees may also be invoiced and billed directly to the client quarterly in arrears. Payments are due at the end of each quarter. Clients may select the method in which they are billed.

For 529 plans purchased through American Funds Distributors, Inc., ("American Funds") member FINRA, clients may pay the 529 advisory fee either by check, by deduction from their Schwab account, or by deduction from the 529 plan account itself. When paying either by check or via deduction from the Schwab account, the fee will be calculated in the same manner as your other advisory fees. However, when paying via a deduction from the American Funds 529 plan itself, American Funds will calculate their fees on the basis of a quarterly schedule that is different from the normal calendar quarters (i.e., February, May, August, and November rather than March, June, September and December) and will calculate such fees based on the average daily balance of the account rather than the value as of the end of the quarter. In light of this, the fee you pay may be higher or lower than the fee you would otherwise pay if you included the 529 plan fee with your other advisory fees paid by check or deduction from your Schwab account.

If the Client's assets are fully redeemed prior to the quarter end, then the Client's average daily net asset value will be equal to the Client's average daily net asset value through the day prior to the total redemption of all Client's assets.

If the agreement is executed at any time other than the first day of a calendar quarter, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client. Our advisory fee is negotiable, depending on individual client circumstances.

You may terminate the agreement upon 30 days' written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client.

#### ***Payment of Financial Planning Fees***

Hourly Financial Planning fees are paid via check in arrears upon completion. Because fees are charged in arrears, no refund is necessary.

Fixed Financial Planning fees are paid via check in arrears upon completion. Because fees are charged in arrears, no refund is necessary.

#### **Plan-Level Retirement Plan Advisory Services**

Our advisory fees for these customized services will be negotiated with the plan sponsor or named fiduciary on a case-by-case basis.

#### **C. Clients Are Responsible For Third Party Fees**

Clients are responsible for the payment of all third-party fees (i.e. custodian fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by RFM. Please see Item 12 of this brochure regarding broker/custodian.

#### **D. Prepayment of Fees**

RFM collects its fees in arrears. It does not collect fees in advance. For the Participant Account Management program only, where fees are debited quarterly from a Client's Schwab account, the client may be due a refund based on the date of termination. If necessary, the credit would be applied directly to the applicable Schwab account at the time of termination. This may occur when the timing of quarterly allocation recommendations does not align with the debiting of the fee on a calendar quarter.

#### **E. Outside Compensation For the Sale of Securities to Clients**

Neither RFM nor its supervised persons accept any compensation for the sale of securities or other investment products, including asset-based sales charges or services fees from the sale of mutual funds.

Certain IARs of Royal Fund may also own their own registered investment advisory firm and may be dually registered as an investment adviser representative with Royal Fund and their own firm. If such a representative were to recommend that you use the advisory services of his or her own firm as opposed to the advisory services of Royal Fund, any fees charged by that other advisory firm would be separate and apart from any fees charged by Royal Fund. Please see your representative's Form ADV 2B Supplement for more information on whether your representative is dually registered.

#### **F. Compensation From the Sale of Insurance Products.**

IARs of RFM may be licensed and appointed insurance agents with insurance companies in various jurisdictions. From time to time, they will offer clients advice or products from these insurance activities. Typically, these insurance products will pay commissions on the sale of these products and services in addition to the IA fees that are charged by RFM. This is a conflict of interest as these IAR may have an incentive to offer these products or services to earn additional commissions. No client of RFM is ever required to purchase insurance products or any other services from any RFM IAR in their capacity as an insurance agent or any other capacity. RFM always acts in the best interest of the client.

## **Item 6 Performance-Based Fees and Side-By-Side Management**

RFM does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## **Item 7 Types of Clients**

RFM generally provides investment advice and/or management supervisory services to the following Types of Clients:

- Individuals
- High-Net-Worth Individuals
- Corporations or Business Entities
- Pension & Profit Sharing Plans

### ***Minimum Account Size***

There is no account minimum for standard portfolio management. The minimum investment for our options strategy will be \$100,000.

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

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

#### ***Methods of Analysis***

RFM's methods of analysis include fundamental analysis, technical analysis, and cyclical analysis. Additionally, as part of our portfolio management services, in addition to other types of investments, we may invest your assets according to one or more strategies developed by our firm. These strategies are designed for investors with varying degrees of risk tolerance ranging from a more aggressive investment strategy to a more conservative investment approach. Clients whose assets are invested in these strategies may set restrictions on the specific holdings or allocations within the strategy.

***Fundamental analysis*** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

***Technical analysis*** involves the analysis of past market data; primarily price and volume.

***Cyclical analysis*** involves the analysis of business cycles to find favorable conditions for buying and/or selling a security.

#### ***Investment Strategies***

RFM uses long term trading and options writing (including covered options, uncovered options, or spreading strategies).

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **B. Material Risks Involved**

### ***Methods of Analysis***

***Fundamental analysis*** concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

***Technical analysis*** attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns, and if these patterns can be identified, then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not work long term.

***Cyclical analysis*** assumes that the markets react in cyclical patterns, which, once identified, can be leveraged to provide performance. The risks with this strategy are two-fold: 1) the markets do not always repeat cyclical patterns and 2) if too many investors begin to implement this strategy, it changes the very cycles they are trying to take advantage of.

### ***Investment Strategies***

Long term trading is designed to capture market rates of both return and risk. Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Options writing may hold greater risk and clients should be aware that there is a chance of material risk of loss using any of those strategies.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **C. Risks of Specific Securities Utilized**

RFM generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets. However, it will utilize options writing, which may hold a greater risk of capital loss.

RFM's strategies primarily, but not exclusively, utilize No-Load Mutual Funds. Mutual Funds are comprised of individual stocks that can fluctuate in value. Past performance is not a guarantee of future results and investors can lose money.

**Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **Item 9 Disciplinary Information**

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of this advisory business or the integrity of our management.

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

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Neither RFM nor its representatives are registered as a broker/dealer or as representatives of a broker/dealer.

## **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither RFM nor its representatives are registered as a FCM, CPO, or CTA.

## **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Mark Royal Sorensen is a licensed insurance agent and owner of Sorensen Tax Advisory Group, Inc. Sorensen Tax Advisory Group, Inc. is an insurance agency and only sells insurance products. The company does not provide tax preparation services. Mr. Sorensen receives commissions on insurance products through this entity. From time to time, he will offer clients insurance advice or products from those activities. RFM always acts in the best interest of the client.

IARs of RFM may be licensed and appointed insurance agents with insurance companies in various jurisdictions. From time to time, they will offer clients advice or products from these insurance activities. Typically, these insurance products will pay commissions on the sale of these products and services in addition to the IA fees that are charged by RFM. This is conflict of interest as these IAR may have an incentive to offer these products or services to earn additional commissions. No client of RFM is ever required to purchase insurance products or any other services from any RFM IAR in their capacity as an insurance agent or any other capacity. RFM always acts in the best interest of the client.

Royal Fund Management, LLC (RFM) is the sole owner and managing member of Black Bear Aviation (BBA). Mark Sorenson is the Manager of BBA. The sole asset of BBA is an airplane which Mr. Sorenson uses for personal and business purposes. BBA is considered a disregarded entity of RFM for tax purposes. BBA and RFM have a monthly lease agreement between them and all expenses are paid by RFM. No clients of RFM are solicited to invest in BBA nor are any clients referred to BBA for any services. Consequently, no conflict of interest exists.

## **D. Selection of Other Advisors or Managers and How This Adviser is Compensated for Those Selections**

In particular circumstances, RFM may utilize other advisors or third-party managers. RFM will always act in the best interests of the client, including when determining which third party manager to recommend to clients. RFM will ensure that all recommended advisors or managers are licensed or notice filed in the states in which RFM is recommending them to clients.

Certain IARs of Royal Fund may also own their own registered investment advisory firm and may be dually registered as an investment adviser representative with Royal Fund and their own firm. If such a representative were to recommend that you use the advisory services of his or her own firm as opposed to the advisory services of Royal Fund, any fees charged by that other advisory firm would be separate and apart from any fees charged by Royal Fund. Please see your representative's Form ADV 2B Supplement for more information on whether your representative is dually registered.

## **Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### **A. Code of Ethics**

We have a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Clients may request a copy of our Code of Ethics from management.

## **B. Recommendations Involving Material Financial Interests**

RFM does not recommend that clients buy or sell any security in which a related person to RFM has a material financial interest.

## **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of RFM may buy or sell securities for themselves that they also recommend to clients. RFM will always document any transactions that could be construed as conflicts of interest and will always transact client business before their own when similar securities are being bought or sold.

## **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of RFM may buy or sell securities for themselves at or around the same time as clients. RFM will not trade non-mutual fund or non-ETF securities 5 days prior to or 5 days after trading the same security for clients.

# **Item 12 Brokerage Practices**

## **A. The custodian and brokers we use**

We do not maintain custody of your assets that we manage, although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account (see Item 15—Custody, below). Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. We require that our clients use Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, as the qualified custodian.

We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when either our firm or you instruct them to. While we require that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. Conflicts of interest associated with this arrangement are described below as well as in Item 14 (Client referrals and other compensation). You should consider these conflicts of interest when selecting your custodian

We do not open the account for you, although we may assist you in doing so. If you do not wish to place your assets with Schwab, then we cannot manage your account. Even though your account is maintained at Schwab, and we anticipate that most trades will be executed through Schwab, we can still use other brokers to execute trades for your account as described below (see "Your brokerage and custody costs").

### **1. How we select brokers/custodians**

We use Schwab, a custodian/broker, to hold your assets and execute transactions. When considering whether the terms that Schwab provides are, overall, most advantageous to you when compared with other available providers and their services, we take into account a wide range of factors, including:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds [ETFs], etc.)
- Availability of investment research and tools that assist us in making investment decisions

- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the Fees
- Reputation, financial strength, security and stability
- Prior service to us and our clients
- Services delivered or paid for by Schwab
- Availability of other products and services that benefit us, as discussed below (see "Products and services available to us from Schwab")

### **Your brokerage and custody costs**

For our clients' accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. Certain trades (for example, mutual funds and ETFs) do not incur Schwab commissions or transaction fees. Schwab is also compensated by earning interest on the un-invested cash in your account in Schwab's Cash Features Program. Schwab charges you a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account.

We are not required to select the broker or dealer that charges the lowest transaction cost, even if that broker provides execution quality comparable to other brokers or dealers. Although we are not required to execute all trades through Schwab, we have determined that having Schwab execute most trades is consistent with our duty to seek "best execution" of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see "How we select brokers/custodians"). By using another broker or dealer you may pay lower transaction costs.

### **Products and services available to us from Schwab**

Schwab Advisor Services™ is Schwab's business serving independent investment advisory firms like us. They provide us and our clients with access to their institutional brokerage services (trading, custody, reporting, and related services), many of which are not typically available to Schwab retail customers. However, certain retail investors may be able to get institutional brokerage services from Schwab without going through us. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. Schwab's support services are generally available on an unsolicited basis (we don't have to request them) and at no charge to us. Following is a more detailed description of Schwab's support services:

**Services that benefit you.** Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

**Services that do not directly benefit you.** Schwab also makes available to us other products and services that benefit us but do not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts and operating our firm. They include investment research, both Schwab's own and that of third parties. We use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:



- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting

**Services that generally benefit only us.** Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

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

Schwab provides some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab also discounts or waives its fees for some of these services or pays all or a part of a third party's fees. If you did not maintain your account with Schwab, we would be required to pay for those services from our own resources.

### **Our interest in Schwab's services**

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services. These services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. The fact that we receive these benefits from Schwab is an incentive for us to recommend the use of Schwab rather than making such a decision based exclusively on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a conflict of interest. We believe, however, that taken in the aggregate our recommendation of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see "How we select brokers/ custodians") and not Schwab's services that benefit only us.

### **2. Brokerage for Client Referrals**

RFM receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

### **3. Clients Directing Which Broker/Dealer/Custodian to Use**

RFM will not allow clients to direct RFM to use a specific broker-dealer to execute transactions. Clients must use RFM recommended custodian (broker-dealer). Not all investment advisers require their clients to direct brokerage. By requiring clients to use our specific custodian, RFM may be unable to achieve most favorable execution of client transactions, and this may cost clients money over using a lower-cost custodian.

### **B. Aggregating (Block) Trading for Multiple Client Accounts**

We combine multiple orders for shares of the same securities purchased for discretionary advisory accounts we manage (this practice is commonly referred to as "aggregated trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. Generally, participating accounts will pay a fixed transaction cost regardless of the number of shares transacted. In certain cases, each participating account pays an average price per share for all transactions and

pays a proportionate share of all transaction costs on any given day. In the event an order is only partially filled, the shares will be allocated to participating accounts in a fair and equitable manner, typically in proportion to the size of each client's order. Accounts owned by our firm or persons associated with our firm may participate in aggregated trading with your accounts; however, they will not be given preferential treatment.

We do not aggregate trades for non-discretionary accounts. Accordingly, non-discretionary accounts may pay different costs than discretionary accounts pay. If you enter into non-discretionary arrangements with our firm, we may not be able to buy and sell the same quantities of securities for you, and you may pay higher commissions, fees, and/or transaction costs than clients who enter into discretionary arrangements with our firm.

## **Item 13 Review of Accounts**

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

Client accounts are reviewed at least quarterly only by Mark Royal Sorensen, Managing Member. Mark Royal Sorensen is the chief advisor and is instructed to review clients' accounts with regards to their investment policies and risk tolerance levels. All accounts at RFM are assigned to this reviewer.

### **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

### **C. Content and Frequency of Regular Reports Provided to Clients**

Each client will receive at least quarterly a written report detailing the client's account, which may come from the custodian.

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

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

See Item 12 above for information concerning economic benefits provided by third parties.

### **B. Compensation to Non-Advisory Personnel for Client Referrals**

RFM may use the services of various solicitors to refer clients. RFM will maintain a solicitor agreement with all such parties and every solicited client will receive a "Solicitation Disclosure Document" that clearly discloses the solicitor arrangement between RFM and the solicitor. Typically, these solicitors will be paid a portion of the IA fees charged by RFM for referring these clients or a flat fee. These fees may be a one-time payment or ongoing for as long as you remain a client of RFM. The amount paid to the solicitor is paid by RFM and no additional fees are ever charged to a client to cover these solicitation payments.

## **Item 15 Custody**

As paying agent for our firm, your independent custodian will directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other qualified custodian. You will receive account statements from the qualified custodian(s) holding

your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy.

## **Item 16 Investment Discretion**

For those client accounts where RFM provides ongoing supervision, the client has given RFM written discretionary authority over the client's accounts with respect to securities to be bought or sold and the amount of securities to be bought or sold. Details of this relationship are fully disclosed to the client before any advisory relationship has commenced. The client provides RFM discretionary authority via a limited power of attorney in the Investment Advisory Contract and in the contract between the client and the custodian.

## **Item 17 Voting Client Securities (Proxy Voting)**

RFM will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

## **Item 18 Financial Information**

### **A. Balance Sheet**

RFM does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither RFM nor its management have any financial conditions that are likely to reasonably impair our ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions in Previous Ten Years**

RFM has not been the subject of a bankruptcy petition in the last ten years.