

## **Form ADV : Part 2 A & B**

As of March 28, 2012

**Part 2A: The Brochure:** This brochure discloses information about the qualifications and business practices of the investment advisory firm named below for the benefit of its clients and prospective clients. Please note that the terms “registered investment adviser” or “registered” do not imply a certain level of skill or training. If the adviser uses a wrap fee program, it is found in Appendix 1. If you have any questions about the contents of this brochure, please contact us at the contacts given below.

**Part 2B: The Brochure “Supplement** discloses information about persons providing advice.

### **2A: Brochure : Item 1 : Cover Page : for**

#### **Royal Advisors, LLC** [“Royal Advisors”]

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*Please note that this brochure has not been approved by the Securities & Exchange Commission or by any state securities authority. This firm is registered with the SEC and notice filed in one or more states; **registration does not mean approval or verification by those regulators.** More information about the firm is at Investment Adviser Public Disclosure : [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

**2A: Brochure : Item 2: Material Changes :** *If we amend this disclosure brochure, we are to send you either a new copy of the brochure or at least this item 2 describing the changes made so you can decide if you want us to send you a complete, new copy. A summary of material changes is :*

☐ attached as an exhibit to or

☐ included here as part of this updated brochure

or : No summary of material changes is required because there have been no material changes to this adviser’s brochure since its last annual updating amendment.

The changes made are: Mr. Mellema is no longer the Chief Compliance Officer or owner and Ms. Newenhouse is the interim Chief Compliance Officer.

In Item

In Item

**2A: Brochure : Item 3 : Table of Contents** : Information that investment advisers must provide to prospective clients initially and to existing clients annually : 18 disclosure items that describe this firm’s advisory business. and (if applicable) Appendix 1with disclosures required for a “wrap fee” program brochure. .

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## 2A: Brochure : Items 4 – 18:

### Item 4. : This advisory firm's business

4. A. **Royal Advisors, LLC-** (or "Royal Advisors," "the advisor," or "the firm") is a Michigan Limited Liability Company [IRS EIN 26-0631434] that registered to do business as an investment advisory firm in September of 2007. Note : The use of the phrase "registered investment adviser" or the term "registered" do not imply a certain level of skill or training.

Our firm's principal owners are :

- Mr. William C. Kapteyn, Jr., President from 09/2007.
- Mr. David Moelker, Secretary/Treasurer,
- Ms. Ruth Newenhouse, Interim Chief Compliance Officer,
- Mr. Marvin Andringa, Executive Vice President,
- Mr. John Worst, Senior Vice President,

**Mr. William C. Kapteyn, Jr., President** , was born 09/24/1963. Mr. Kapteyn earned a BA degree (1985) in Business Administration from Calvin College with a Minor in Psychology. He has passed the Series 7, 24, 63, and 65 securities examinations. Mr. Kapteyn also completed the Certificate Program in Financial Planning, Grand Valley State University, in 2001. He has been the President of Royal Advisors, LLC from 09/2007 to the present. From 08/1996 to the present he has been the President of Royal Securities Company, Grandville, MI.

**Mr. David Moelker, Secretary/Treasurer**, was born 08/13/1972. Mr. Moelker holds a finance degree earned in 1998 from Grand Valley State University. He has passed the Series 7, 24, 63 and 65 securities examinations. He has been the Senior Vice President of Investments for Royal Advisors, LLC from 09/2007 to the present and served in the same capacities from 06/1998 to the present for the related broker-dealer, Royal Securities Company.

**Ms. Ruth Newenhouse, Interim Chief Compliance Officer**, was born 08/29/1950. She obtained a degree in Business Finance in 1999 from Davenport University. She has passed the Series 7, 24, 27, 53, and 63 securities examinations. She has served as the Chief Financial Officer for Royal Advisors, LLC from 09/2007 to 12/2009 and for Royal Securities Company from 04/1993 to 12/2009. From 11/2011 to the present she is the Interim Chief Compliance Officer for Royal Advisors, LLC and Royal Securities Company.

**Mr. Marvin Andringa, Executive Vice President**, was born 01/05/1947. Mr. Andringa earned his degree in 1969 in Business Administration from Michigan State University. While attending MSU, Mr. Andringa was in the ROTC Program and then served in the U.S. Army as a Signal Corp Officer for two years. He has passed the Series 1, 4, 7, 24, 53, 63, and 65 securities examinations. He has been the Executive Senior Vice President of Investments for the advisory firm from 09/2007 to the present and for the related broker-dealer from 09/1982 to the present.

**Mr. John Worst, Senior Vice President**, was born 10/26/1950. He has a degree (1973) in engineering from University of Michigan. Shortly after graduation, he joined his father in the brokerage business and together they built a successful firm that spanned three generations. He has passed the Series 4, 7, 24, 28, 52, 53, 55, 63, and 66 securities examinations. He has been the Senior VP – Investments from 09/2007 to the present for the advisory firm and for Royal Securities Company from 10/2003 to the present. From 03/1979 to 10/2003 he was the owner of Kent King Securities Company, Inc.

The firm's business hours are from 8:30 a.m. to 5 p.m. (Eastern time zone).

4.B. Royal Advisors will :

- provide investment advisory services to the clients in fee-based accounts serviced by the registered representatives of its related broker/dealer, Royal Securities Company, using a wrap-fee program or one of three investment program platforms created and managed by RBC Capital Markets, LLC (“RBC”). RBC provides 3 platforms for investment programs to which Royal Advisors’ representatives may refer appropriate clients.
- by request, provide, for a fee, investment advisory services for client assets held in accounts by other companies or custodians. The fee for this service is negotiable.
- act as the manager of the RSC Private Equity Opportunity Fund, LLC (“the Fund”) by appointment. This private equity fund, established under Rule 506 of Regulation D of the U.S. Security Act of 1933. It is closed to further investors. RSC Private Equity Opportunity Fund, LLC (“The Fund”) is a Delaware limited liability company headquartered in Michigan. The Fund is closed to further investment. All of its current clients are Michigan residents and accredited investors, pursuant to Rule 506, Regulation D. The Fund has appointed the investment advisor, Royal Advisors, LLC as the Fund’s manager since the advisor’s registration. RSC Holdings, Inc., with seven shareholders, owns 100% of the investment adviser, Royal Advisors, LLC and 100% of its related broker / dealer, Royal Securities Company.
- formulate a written financial plan for clients upon request. The advisor may elect, at the client’s request, to charge a one time or “fixed” fee for the establishment of a Financial Plan. A representative will base the Financial Plan on extensive interviews with the client and on a comprehensive review of the client’s current financial position. Clients may, in the course of obtaining investment advice, ask the firm’s representatives for advice on various forms of insurance – health, life, etc. – that are not securities. There is no charge for any insurance advice provided. If a client chooses to acquire an insurance contract, the advisor may receive a separate commission for the sale of certain insurance products.

4.C. Do we tailor our advisory services to a client’s individual needs and how do we do so?  
Can clients impose restrictions on investing in certain securities or types of securities?

By their nature, financial planning services must be based on each client’s individual needs to have any useful validity.

As a fiduciary, an investment adviser is to make only those recommendations that demonstrably are in the client’s own best interests, which means that they, too, must be based on an individual’s stated and/or established, individual needs, goals, risk tolerance and investment time horizon.

The firm seeks to establish this personal dimension through a careful, fact-finding interview and discussions with each client.

Clients may impose reasonable restrictions on the adviser’s discretion to invest in certain securities or types of securities if a client provides clear, written directions to that effect. Clients may opt to have their account managed on a non-discretionary basis. The client allows the power of discretion to an adviser by means of a limited power of attorney, which the client may revoke at any time.

A client’s ability to impose restrictions on the adviser’s discretion occurs at the beginning of the process at which time a client accepts or chooses not to invest in the recommended programs. Clients may withdraw from the programs at any time as well. Otherwise, the firm does not itself exercise discretion

over the investment platforms that pursue their goals as stated in their prospectuses and ADV forms Part 2A.

4.D. Do we participate in a wrap fee program providing portfolio management services? Yes, we do. See Appendix 1A for our wrap fee program, Flex Choice Asset Management.

(1) How does our management of the wrap fee accounts differ from how we manage other accounts?

Under the Flex Choice Asset Management program, it is Royal's own advisory representative who is the portfolio manager, creating the strategy, making the selection of the investments and providing rebalancing of the portfolio, on either a discretionary or non-discretionary basis, as the client chooses. The manager has more on-going contact with Royal's client than is the case with the other portfolio management programs Royal offers through RBC. The difference is primarily between Royal's own wrap-fee program and the three, non-wrap programs Royal makes available to its clients through RBC. With the Flex Choice Asset Management program, RBC provides custody and other services (bookkeeping, billing, and quarterly portfolio reporting). For its participation in Royal's wrap fee program, RBC collects only a billing / bookkeeping and a portfolio reporting fee. Royal Advisors conducts the transactions for its wrap fee program through its related broker dealer, Royal Securities, which receives a small transaction fee to cover its ticket charges for each transaction charged by RBC, which acts in that program as the clearing broker.

The Flex Choice program is a contract between Royal Advisors and its client; for the RBC investment platforms, the client will sign a three way contract with RBC and Royal.

(2) Notice to clients : Royal Advisors receives the total wrap fee for our Flex Choice program. We will receive a portion of the fees that RBC charges for its non-wrap fee programs.

4. E. As of 03/08/2012 this firm managed assets of \$145,207,000 in a continuous and regular manner. Of that amount, \$5 million were in 20 discretionary accounts and over \$140 million in 1230 in non-discretionary accounts.

Item 5 : Fees and Compensation. . — How our firm is compensated

5.A. A description of the range of fees. **Fee schedules** for RBC's three investment programs:

RBC bases its fee on the closing market value of all securities on the last business day of the calendar quarter. The 1<sup>st</sup> billing uses the account value at the inception date as its base. RBC bills fees in advance during the 1<sup>st</sup> month of each calendar quarter. The 1<sup>st</sup> billing cycle begins on the account inception date.

**Asset Portfolio Management Fees**

**Advisor Program**

Fees are charged as a percentage of the assets under management as below:

Account size:	<u>Annual Fee</u>		Trade allotment (\$12 per trade over number)
\$ 25,000 to \$250,000	0.50 – 2.75%		50
\$ 250,001 to \$500,000	0.50 – 2.75%		100

\$ 500,001 to \$1million	0.50 – 2.75%		150
\$ 1,000,001 to \$2 million	0.45 – 2.00%		200
\$ 2,000,001 to \$3 million	0.40 – 2.00%		225
\$ 3,000,001 to \$5 million	0.30 – 2.00%		250
\$ 5,000,001 to \$10 million	0.20 - 2.00%		300
Over \$10 million	negotiable		negotiable

The Advisor Program is a RBC program. This is a client-directed (non-discretionary) advisory program in which the client pays an asset-based fee for transactions and advice. The Advisor Program allows clients to purchase no-load and load-waived mutual funds in addition to other securities.

**Resource II program:**

Account size:	<u>Annual Fee</u>
\$ 100,000 to \$250,000	0.50 – 3.00%
\$ 250,001 to \$500,000	0.50 – 3.00%
\$ 500,001 to \$1million	0.50 – 2.75%
\$ 1,000,001 to \$2 million	0.50 – 2.50%
\$ 2,000,001 to \$3 million	0.50 – 2.40%
\$ 3,000,001 to \$5 million	0.50 – 2.25%
\$ 5,000,001 to \$10 million	0.50 – 2.00%
Over \$10 million	negotiable

**Resource II Program:** This RBC discretionary account program uses professional money managers, selected by the advisor and client, to invest client funds in a portfolio crafted to meet the client's individual needs, investment goals, and risk tolerance.

**Are the fees negotiable?**

The above fees are negotiable only in accounts over \$10,000,000. RBC bills fees quarterly in advance. If either the client or the advisor terminates an investment advisory agreement prior to the end of a quarter, the advisor will pro-rate the fees, including any costs incurred. The client may close an account at any time and the firm will refund any unearned fees to the account, based on the number of days remaining in the quarter. Termination of the investment advisory relationship is effective within 5 business days of receipt by either party of written notice of such cancellation of services.

**Total Strategy Account Program:**

The Total Strategy Account (TSA) is a RBC program. It is a discretionary program in which the advisor and the client select various money managers based on the needs and investment objective of the client. RBC then hires a separate money manager to manage and coordinate the investment activities of the various money managers. This allows for the coordination of tax strategies and limits the amount of duplication or overlap in a client's holdings. The client receives a consolidated statement of holdings combining all money managers together on one statement.

Account Size	<u>Percent of Funds in Separately Managed Accounts</u>				
	> 80%	61 - 80%	41 - 60%	21 - 40%	< 20%
\$250,001 - \$500,000	1.85%	1.80%	1.70%	1.60%	1.55%
\$500,000 - \$1,000,000	1.80%	1.75%	1.65%	1.55%	1.50%
\$1,000,001 - \$2,000,000	1.15%	1.70%	1.60%	1.50%	1.45%
\$2,000,001 - \$3,000,000	1.73%	1.65%	1.57%	1.50%	1.42%
\$3,000,001 - \$5,000,000	1.72%	1.65%	1.55%	1.48%	1.40%
\$5,000,001 - \$10,000,000	1.70%	1.62%	1.53%	1.46%	1.38%
\$10,000,001 +	Negotiable				

**Are the fees negotiable?**

The above fees are negotiable only in accounts over \$10,000,000. If a client chooses to have the oversight manager coordinate the tax strategy within his account, that client must add 15 basis points to the above fee schedule. RBC bills fees quarterly in advance. In the event of cancellation of an investment advisory agreement prior to the end of a quarter, RBC will prorate the fees, including any costs incurred. Termination of the investment advisory relationship is effective within 5 business days of receipt by either party of written notice of cancellation of services.

**FlexChoice Asset Management Program:**

**Fee Schedule:**

Account Size: (from – to)		<u>Annual Fee:</u>	
		<u>Min</u>	<u>Max</u>
\$ 25,000	\$ 99,000	0.50%	3.00%
\$ 100,000	\$ 249,000	0.50%	2.75%
\$ 250,000	\$ 499,000	0.50%	2.60%
\$ 500,000	\$ 999,000	0.50%	2.50%
\$1,000,000	plus	0.50%	2.50%

Royal Advisors, LLC offers a Wrap-fee program called FlexChoice Asset Management. In this Wrap-fee program the investment advisor representative manages client assets within a brokerage account for a fee that includes portfolio management services and reporting. Under this program, Royal Advisors offers either discretionary or non-discretionary investment advice designed to assist clients with professional management of their investments for a convenient single fee.

**Item 5. A. Financial Plan fees**

Royal Advisors will charge a fee for a Financial Plan by sending an invoice directly to the client. The fee will be due before or upon the delivery of the Financial Plan. In addition, a client may wish to engage the advisor to provide regular reviews and updates on the Financial Plan. The firm and the client will agree upon the fee for such engagements.

Fixed fees range from \$500.00 to \$1,500.00 per plan, depending upon the complexity of the client's financial situation. The fee includes periodic reviews (quarterly) for one year. Clients may request an updated plan each year under a new agreement and new planning fee assessment.

5.B. . Disclosure : Does our firm bill its clients for the incurred advisory fees by :

- Sending an invoice to the client, OR obtaining each client's signed permission to deduct the advisory fees from the client's account held by the custodian, OR
- May clients select either method of billing? NO.

All four portfolio management programs use direct billing to collect their fees and it is RBC who debits each client's account held by the custodian. RBC then sends a share of the collected fee to Royal Advisors. The billing occurs quarterly in advance.

RBC does practice "direct billing" that requires us to obtain a client's written permission to deduct our fees directly from the client's account held by the custodian. [See the ADV Part 1B, Item 2. I] We do not send an invoice to the client ourselves for payment of our portfolio advisory fees.

Royal does create an invoice for its financial planning services. Royal's client may take the financial plan to any advisor to put it into effect.

5.C. . Disclosure : Other types of fees or expenses clients may pay in connection with the advisory services. Clients should be aware that opening an investment account carries with it costs beyond the advisory fee(s) Royal Advisors charges. When placing a transaction order to buy or sell securities, advisory clients may have to pay any or all of the following charges in addition to the advisory fees charged by this firm.

- |                              |  |
|------------------------------|--|
| • Brokerage commissions      | • administrative fees for investments in mutual fund fees, |
| • Annual custodian fees      | • and 12b-1 fees in addition to administrative fees,       |
| • postage charges            | and other marketing fees for mutual funds, paid to         |
| • processing charges         | a broker dealer;   |
| • Ticket charges             | • account maintenance fees charged by a broker             |
| • Early surrender or account | dealer for an account, especially if inactive              |
| closing fees                 | • Pledging agreement charges                               |
| • Transfer fees              | • Other miscellaneous charges related to the               |
| • Lawyering fees             | administration of securities in a client's account         |

The Wrap-fee program, FlexChoice Asset Management, charges a fee that includes portfolio management services and reporting.



RBC levies ticket charges in accordance with each program's trade allotment, as disclosed in RBC's ADV Part 2A, which Royal's representative will provide to Royal's clients who invest in the RBC programs.

We direct clients to this brochure's Item 12 for further discussion of brokerage costs.

5.D. . Disclosure : Do clients pay fees in advance? Yes, quarterly or monthly, depending upon the program(s) a client selects.

How may a client obtain a refund of a pre-paid fee if the contract is terminated prior to a billed period's end? How will the amount of the refund be determined? The firm will provide a refund of unearned fees. See item 5. A. above.

5.E. Disclosure : Does the firm or any of its supervised persons accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds?

Associates of the firm may receive 12b-1 fees in their capacity as registered representatives of the related broker dealer, Royal Securities Company, if their clients have invested in mutual funds.

Disclosure 5.E.1. Whenever an investment advisory firm's representatives earn a commission, or mutual fund management 12(b)-1 fees, or other forms of sales charges in their capacity as the registered representatives of a broker-dealer, that arrangement may create an incentive to recommend those sales and, as a consequence, a possible conflict of interest. An advisor is a fiduciary who is required to make only those recommendations for a client that solely are in the client's own best interest, uninfluenced by any calculation of personal gain.

Our firm addresses this potential conflict of interest

- first by informing clients of the conflict in this disclosure brochure.
- reviewing our representatives' trading recommendations to ascertain that the appropriate share class is being used for an advisory account.

Disclosure 5.E.2. Clients have the option to purchase, through unaffiliated broker-dealers and their agents, those investment products recommended by Royal Advisors. Rebalancing and other wrap-fee related services shall only be provided to participants of Royal Advisors wrap-fee program.

Disclosure 5.E.3 Does our advisory firm receive more than half its revenue from commissions and other sales-based compensation? NO. Royal Advisors' income comes from fees charged. All of Royal Advisors' representatives are dually registered with the advisory firm and the related broker dealer. Many hold insurance licenses as well. Any insurance related commissions generated are received through the broker dealer.

Disclosure 5.E. 4. Do we charge advisory fees in addition to commissions or markups? Royal Advisors charges advisory fees only. Royal Advisors does not receive commissions or markups. The related broker dealer, Royal Securities, will receive commissions and related charges outside the advisory services Royal Advisors provides and advisory clients may also have an account, one that is not actively managed, with the related broker dealer.

Other disclosures for this section : The wrap fee program may include many types of securities and investments. RBC's investment programs also include a wide variety of security types.

Item 6.: Performance-Based Fees and Side-By-Side Management.

Does our firm charge performance-based fees [fees based on a portfolio's increase in asset value] ? No, it does not. [See also: Form ADV Part 1A, Item 5. E. (6).

Does our firm have a supervised person who manages an account that pays performance fees? No, it does not.

NOTE : Regulators have stated that performance fees can cause incentives for an adviser to manage a portfolio with an eye to short term gains only, including investments that are more speculative or have a higher risk of loss. They can also tempt an advisor to allocate more time to them than to other clients' portfolios due to the possibility of a higher fee. As a fiduciary, an investment adviser is to provide equitable treatment to each client's managed portfolio as if it were the adviser's own portfolio - within the investment parameters agreed to with the client.

Item 7. : Types of Clients.

Typically our clients include high net worth and other individuals, corporations and other businesses, pension and profit-sharing plans , charitable organizations, estates, IRA accounts and trusts.

The firm does imposes a minimum account size of \$25,000 for its advisory clients. This minimum may be waived under certain situations. In addition, each of the three investment programs created by RBC does have its own minimum requirement.

Program #1 : The Advisor Program minimum \$25,000

Program #2 : Resource II program \$100,000 minimum

Program #3: Total Strategy Account program: \$250,000 minimum

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

A. An adviser must describe its methods of analysis and investment strategies used in formulating its investment advice. It must explain in detail any unusual risks.

**Caution : Investing in securities involves risk of loss.**

In formulating advice and making its investment choices, the adviser may apply charting, cyclical, fundamental and/ or technical analytical methods.

1. **Charting** – Charting includes a variety of means of analysis that correlate charts, graphs, and similar **market information** to detect patterns that are judged to be predictable, to reoccur in essentially the same way, given the same chartable factors or relationships among factors. It seeks to predict trends and notice variations in those trends, using various calculated averages.

Problems encountered using a charting analysis : Charting assumes

- 1) an accurate correspondence between real events and the factors charted as selected;
- 2) and that patterns can be detected in such charts such that
- 3) they are recognizable in advance, predictable as drawn from recurring and therefore essentially mechanistic financial events.

It is a complicated theory. It depends upon a basic assumption that the fundamental financial influences are not radically different in the time periods considered. That assumption is a concept that recently has been questioned on a number of levels.

Particular stocks may diverge from the market/ sector averages radically. Charting may therefore need to be paired with another form of analysis such as fundamental or technical analyses in order to look more closely at particular securities.

The time period most suitable for use in charting analyses is dependent upon the investor's holding period, portfolio structure, and other factors. The choice of relevant segments of performance over time and the understanding of their place in mapping the forces within the larger time period framework is another consideration. Time spent using one analytical method will compete with other analytical methods which might have proven more useful and profitable.

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**Fundamental Analysis** – Called the “bottom-up” approach to investing, a fundamental analysis seeks an in-depth understanding of a **specific firm/company** to evaluate its intrinsic value and its future prospects before investing in its stock. Such an analysis studies the firm's management, its debt, equity and cash flow, history of financial performance/ growth, dividend payout percentages, its products, operating efficiency and marketing structures, among other factors. The firm's balance sheet and income statement are two key sources of information about the firm.

Fundamental Analysis will compare a firm's stock price with its earnings per share and its net earnings to its gross revenues and compare both with the averages for that industry sector. The ratio of current liabilities to current assets is another important element of this form of evaluation. A central focus is deciding whether the stock is over-valued or undervalued.

As a term in large-scale economics, a fundamental analysis studies gross national product, inflation and interest rates, trade and unemployment trends, consumer confidence, savings and spending patterns and inventories in order to predict the larger movements of national and international economies. These larger concerns greatly influence the elements considered in a fundamental analysis of any given

company.

**Risks** inherent in using a fundamental analysis : The factors involved can require time-consuming study that can fall behind the need to make decisions, if such factors begin to change rapidly. Few of the numbers are absolutes; many are relative to other factors or industry sector information. Most require intelligent judgment and experience to be applied meaningfully to stock values.

Fundamental analysis places value on the financial structure and health of the firm to be invested in. These factors at times are of little or no interest to the market place, such that the stock prices for very sound companies may wither when investors look to other reasons and areas for investing.

For a relatively short time period, a firm can falsify facts to hide poor performance or a fragile financial situation. The independence of balance sheets' and other reports' numerical information from such possible manipulation may not be readily verifiable.

Additionally, time spent using any one analytical method will compete with other analytical methods which might have proven more useful and profitable.

In formulating our investment advice, the firm uses research prepared by others, corporate rating services, annual reports, prospectuses, and filings with the SEC, and company press releases.

**Technical** – Technical Analysis is, together with fundamental analysis, one of the two major schools of stock market study. This form of value analysis focuses on patterns of **volume and price fluctuations** for a **given stock** as compared to the activity of the larger, general market(s) indicators. Securities are evaluated for purchase or sale based on an analysis of market statistics such as volume and prices over time as seen on charts, etc. that are believed to establish relational patterns that can predict future movements in the markets.

This relative comparison has little or no concern for any company's fundamental structure, production or worth. Market indicators kept in view include volume and direction of market activity, as indicators of supply and demand for securities, often using one or more established index/ indices, such as the NASDAQ, S&P 500, and the Dow Jones Industrial Average. Trends and Penetrations (e.g. of previous "highs") are another type of indicator used. The patterns discerned, often using charts for a quick grasp of the relationship of various factors, are used to predict future market moves and their effects on stocks in general and/ or on particular sectors of the market.

Problems encountered using a technical analysis : Technical analysis purports to see patterns deemed repeatable in similar market conditions. Market conditions may consist of many factors any one of which may alter the outcome of an otherwise very similar situation. No one indicator is absolutely reliable, and a multiple of indicators may just as likely complicate understanding and evaluation as much as or more than it allows deeper insight into the market's mechanics.

The understandings offered clients in explanation tend to use generic Technical Analysis, while the working concepts that are derived from those basics and modified by experience and a firm's emphasis may well be hidden in part or completely as proprietary strategy /strategies that may let one advisor or market participant outperform another.

Technical analysis assumes that all the market factors are known to and considered by all the market's participants, although, in fact, the market can act in highly partial and even apparently irrational ways. A market termed "dynamic" indicates a sense that the underlying causal relationships may be shifting.

Royal Advisors' representatives may use any of the following sources of information for their analyses:

- Financial newspapers and magazines
- Inspections of corporate activities
- Research materials prepared by others
- Corporate rating services
- Annual reports, prospectuses, filings with the Securities and Exchange Commission
- Company press releases
- Other sources of information used in formulating investment advice : For the Fund, the firm does its own research outside the usual sources of investment information and methods of analysis. These include interviews with the management of new firms, especially hi-tech, high growth firms, reviews of those firms' business plans and product idea viability and /or services. It is in part this first-hand information gathering and analysis that justifies the fee charge for the Fund (3.5% of AUM per year or less at the discretion of the Manager.).

#### Third Party Money Managers : RBC

Royal Advisors introduces clients to RBC whose platforms provide discretionary and non-discretionary management of individual portfolios of equity and/or fixed income securities. In advising firm's retail clients investing in the programs of third party investment advisors, RBC may use model portfolios of mutual funds and Exchange Traded Funds (ETF's) sub-accounts provided by a number of investment strategists and based on those strategists' information, research, asset allocation methodology and investment strategists.

**Risks** in using these methods and strategies : As the managers' strategies and methods may vary widely, they may include the risks noted above in a fundamental analysis or others specific to their methods. None is a proven, absolutely sure means of obtaining positive results. There is always a risk-return relationship : the greater the chance of a higher return on an investment, the higher will be the risk of loss as well.

8. B. An advisor must explain the material risks involved in frequent trading if its strategy involves frequent trading of securities. An advisor must explain how frequent trading can affect performance.

The firm's trading strategies include holding for the long term (a year or more), short term purchases (sold within a years), short sales, margin transactions and option writing . What may be regarded as "frequent trading" varies according to

- the client and the strategy for that client's specific account – one client may have multiple accounts that apply different strategies
- to the type of security or relative mix of securities involved
- and to the current nature of the market.
- Margin and option trading have time constraints that trigger trade dates.

All these tactics are intended to enhance the portfolio's value and ability to meet a client's stated goals.

The third party strategists review portfolios on a regular basis to rebalance them if needed in order to maintain the agreed-upon weighting of asset classes. All trading will add costs against an account's performance; frequent trading will increase those costs, potentially reducing overall performance. To ascertain the effect, it is necessary to factor in the losses or gains that would have proven true had the rebalancing not made the trades.

8.C. Do we recommend primarily a particular type of security? What are the material risks involved with that type of security? Are those risks unusual or significant?

We primarily recommend ETFs and mutual funds for our own wrap fee program currently. The program could include any type of security. We are prepared to provide advice on most types of securities,

including :

<u>Equity Securities</u>		Notable risks involved with this type of investment
exchange-listed securities		Market fluctuations can bring losses, lower dividends
over-the-counter securities		More susceptible to market fluctuations; higher risk
foreign issuers		Not always under US financial reporting standards; higher risk
Corporate debt securities		Same as exchange listed, corporate bonds involve credit risk
Certificates of deposit		Limited liquidity
Municipal securities		Same as exchange listed; It is possible that they can default
<u>Investment company securities</u>		
variable annuities		Same as variable life
mutual fund shares		Market fluctuations can bring losses; various fees
US government securities		Returns can be low or even, rarely, negative. As hedge against equity market risk, mirror them.
Options contracts on securities		Market fluctuations can bring losses; must make transaction to realize profits; contract expires worthless

Please see Item 12 for further description of our brokerage practices.

Item 9 :Disciplinary Information.

What facts about any legal or disciplinary event involving our firm or its personnel should you know of, because it is material to an evaluation of the integrity of our firm or its management persons?

The SEC requires that we inform you, our client, if our firm or any of our management persons has been involved in any of the events listed below in 9. A, B, and C. and, beyond those points, if there is any material fact about any legal or disciplinary event that you should know about in order to evaluate our integrity. You may also see these same questions answered online at the investment adviser public disclosure site (IAPD), in **Part 1A, Item 11**.

**Royal Advisors has no disciplinary or regulatory events to disclose regarding itself or its management persons.**

Item 10 :Other Financial Industry Activities and Affiliations. What material relationships does our firm or any of our management persons have with related financial industry participants? What material conflicts of interest may arise from these relationships and how are these conflicts addressed?

A. Have we, or has any of our management persons, registered either as a broker-dealer or as the representative of a broker-dealer? OR, Do we or any management person have such a registration pending? YES.

Royal Advisor's officers and owners are also officers and owners of a FINRA registered broker/dealer firm, Royal Securities Company (CRD # 10702), the broker dealer that the advisor will use to effect purchase and sales transactions for client accounts. The commissions that the related broker dealer charges may be higher or lower than those charged by other firms; the firms are mindful of the duty to find best execution for their clients.

Clients should understand that a potential conflict of interest inherently exists in any such arrangement in which the same or an affiliated person will receive compensation for effecting trades recommended by an advisory representative of Royal Advisors, LLC. The advisor does not oblige any client in any way to follow advice offered by the firm, nor, if choosing to follow that advice, to do so through the advisor's affiliates. The affiliated broker dealer will require the major part of the business time available to the officers of the advisor. The percentage of work time spent with the investment adviser is approximately: Mr. Moelker – 10%; Mr. Kapteyn – 10%; Mr. Worst – 10%, all others less than 5% each.

B. Have we, or has any of our management persons, registered as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of any of these entities named here? OR, Do we or any management person have such a registration pending? NO. None of this item applies to our firm.

C. Do we have any "related person" – a person or a firm that we control or that controls us through ownership or as an officer – with whom we have a material relationship, any arrangement that may cause a conflict of interest when providing our clients with investment advice?

Item 10. A. above noted the relationship we have with Royal Securities Company, a broker-dealer. We have also noted in Item 4. B. that Royal Advisors is the manager of the RSC Private Equity Opportunity Fund, LLC ("the Fund"), a private equity fund, established under Rule 506 of Regulation D of the U.S. Security Act of 1933, and closed to further investors. Otherwise, our advisory firm has no related person that is :

- |   |  |
|---|--|
| • a Municipal Securities Dealer   | • a futures commission merchant, commodity         |
| • a Government Securities Dealer or Broker  | pool operator or commodity trading advisor         |
| • an investment company or other pooled investment vehicle , including a mutual fund, | • a bank or a thrift institution                   |
| • a closed-end investment company   | • an accountant or accounting firm                 |
| • a unit investment trust   | • a lawyer or a law firm                           |
| • another investment adviser/ financial planner                                       | • an insurance company or agency                   |
|   | • a pension consultant                             |
|   | • a real estate broker or dealer                   |
|   | • a sponsor or syndicator of limited partnerships. |
|   | • an offshore fund                                 |

The risk for a conflict of interest in any such arrangement lies in the compensation to be received; it creates an incentive to recommend the service.

An adviser's **related persons** are: (1) the adviser's officers, partners, or directors (or any person performing similar functions); (2) all persons directly or indirectly controlling, controlled by, or under common control with the adviser; (3) all of the adviser's current employees; and (4) any person providing investment advice on the adviser's behalf.

D. Do we recommend or select other investment advisers for our clients? As stated in Item 4.B., Royal Advisors can place suitable clients in one of three investment program platforms created and managed by RBC Capital Markets LLC ("RBC"). RBC is "a Premier Investment Bank that provides a focused set of products and services to institutions, corporations, governments and high net worth clients around the world." RBC provides 3 platforms for investment programs to which Royal Advisors' representatives may refer appropriate clients.

Do we receive compensation from those other advisers for our referrals? YES, we do. The compensation we will receive, clients should note, creates an incentive to make the recommendation and thereby an inherent risk for a conflict of interest. We address this possible conflict of interest by bringing it to our clients' attention in this disclosure brochure.

Do we have any other business relationships with these advisers that also could cause a conflict of interest and, if "yes," how do we address them? NO, we have no other business relationship with RBC.

Item 11. Code of Ethics / Advisory Persons' own trading and possible personal interest in our clients' trades.

A. As required by SEC rule 204A-1 or similar state rules our firm has adopted a Code of Ethics. The firm's Code of Ethics covers our monitoring of the trading activities of the firm's associates and employees, among other issues. Prospective clients and clients may obtain a copy upon written request to the firm.

Please note that using any insider information, information that is not readily available to all participants in the securities markets (upon making a reasonable effort to obtain that information), for any person, ourselves or relatives or clients or any other person, is strictly illegal and punishable by fines and imprisonment.

**How our firm controls sensitive information:**

- Building security : access is both key and card key protected, visitor screening,
- locked cabinet files; indemnification and clearance required for all cleaning crews
- password protected computer screens and databases
- fire prevention equipment
- office area under continual supervision during business hours.

To prevent associates from misusing any inside positions, Royal holds continuing education on insider trading and includes it specifically as part of our annual compliance review meeting. Royal also conducts reviews of associates' proprietary trading activities each quarter.

11. B. [ also in Form ADV Part 1A, Item 8. (1)(2) (3) ]

Does our firm or a related person recommend to our clients, or do we buy or sell for our clients' accounts, securities in which we or a related person has a material interest?

Our firm and/ or its associates may

- buy securities for the firm or for themselves from advisory clients (principal transactions);
- sell securities the firm or its associates own to advisory clients (principal transactions);

[The Advisor's related Broker -Dealer does act as principal to buy or sell securities for itself or for its brokerage clients, by definition and under FINRA rules. Royal Advisors itself does **not** do so.]

- buy or sell for themselves shares of mutual funds and other securities that they also recommend to advisory clients; [this applies to associates, not to the firm]
- invest or are permitted to invest in securities related to those we may recommend to clients, such as derivatives



Our associates do not

- in their capacity as a broker/ dealer agents, transact purchases or sales of any client's securities directly to any other person (an "agency cross transaction" that side-steps using a securities market place)

Our firm and its associates do not

- recommend securities (or other investment products) to our advisory clients in which our firm or any person or other firm related to our firm has some other proprietary (ownership) or other financial interest.
- act as an investment adviser to an investment company that we recommend to our clients.

11. C. **Personal Trading** : investing in the same or related securities

Does our firm permit itself, its personnel, or a person related to our firm (by ownership or other forms of control) to invest in the same securities that we recommend to our clients, or in securities that are related to those securities, such as options or other derivatives?

Yes, we do allow it. Persons employed at the advisory firm may, from time to time, effect trades in their own portfolios. The positions they take may be the same as, similar to, or the opposite of those our advisory representatives recommend to our advisory clients, including any of the three RBC programs, depending upon personal goals, needs, and risk tolerance. None of these accounts is of a size or invested in the kinds of securities that could in any way realize a benefit from the possible effects from investments recommended to our clients or from any insider information garnered from orders to be placed.

Nonetheless, in any situation in which it may be deemed that the possibility of a conflict of interests could exist, the related situation will be disclosed to the client(s) involved, and related client transactions will always be given precedence over any proprietary accounts.

When our firm or its personnel buy or sell securities for their own accounts,

- we will always place clients' orders before our own
- we do not aggregate or "bunch" our orders with clients' orders

We enforce these guidelines by quarterly reviews of proprietary trading actions, by annual compliance meetings and educational meetings.

The possible conflicts of interest that arise whenever we recommend, or, in our discretionary accounts, buy or sell for you a security that we may also buy or sell for ourselves are

- using your order's market effect to benefit ourselves ("front running");
- using your order as "inside information" that would give us an unfair advantage in the markets to benefit ourselves or any other person (which is an illegal act);
- gaining a lower brokerage cost for ourselves in bunching orders, which can create an incentive to involve your account in that transaction.

Does any person in our firm participate in or have an interest in our clients' transactions? How does such a person participate or what is the interest and what conflicts of interest can that create? No. No one in the firm has a financial interest in any investment transaction the firm recommends to its clients. Examples of such interests would include an adviser recommending that clients invest in a pooled investment vehicle that the firm advises or for which the investment adviser serves as the general partner, or when an adviser with a material financial interest in a company recommends that a client buy shares of that company.

11. D. **Personal Trading.** : investing in the same or related securities at the same time.

What specific conflicts do we have when our firm or a related person trades in the same securities at or about the *same time* as it places trades for a client's account?

Clients' trades always take precedence over trades by associates in the same security. The SEC has stated that "an adviser's ability to place its own trades before or after client trades in the same security may affect the objectivity of the adviser's recommendations" and therefore states further that the SEC believes *disclosure of this practice* is warranted. The SEC does not, in that opinion, state a specific length of time before or after client trades are made in which similar associate trades may be conducted. Note that these restrictions are not applied to investments in mutual funds that are unaffiliated with our firm. Unaffiliated means a mutual fund that we have not ourselves created or helped establish and/ or in some way act as the fund's managers.

<b><u>Privacy Policy Statement</u></b>
Our firm provides investment services by means of its own internal operation and unaffiliated third-party service and product providers (for example, your account custodian or a money manager) at your election. The account custodian processes the investment transactions for your account. This firm and the product and service providers receive and maintain information about you that is related to your account.
<b>WHERE DO WE OBTAIN THE INFORMATION.</b> The information that we have comes directly from you. This includes such information as your name, address and Social Security number that you provided on applications, agreements or other forms. In addition, we maintain records of each of your transactions and holdings at the product and service provider that are processed through this firm.
<b>TO WHOM DO WE DISCLOSE THE INFORMATION.</b> We provide information about current or former clients from the sources described above to parties outside of our firm only as described below:
<b><i>To other companies as necessary to process your business.</i></b> For example, we process your investment instructions through product and service providers with whom we have business agreements. The information that we obtained from you is given to the product and service providers for purposes of effecting transactions in your account and preparing your account statements. These parties must limit their use of the information to the purpose for which it was provided.
<b><i>Where required by law or regulation.</i></b> Examples include responses to a subpoena, court order or regulatory demand.
<b><i>As authorized by you.</i></b> You may direct us, for example, to send account statements or other account information to a third party.
<b><i>As otherwise authorized or permitted by law.</i></b> For example, the law permits us to respond to requests for information on you from a consumer-reporting agency. We will continue to maintain the privacy of your non-public, personal information even after you may cease being our client, until such time as it may be safely destroyed, as permitted by securities laws and regulations.
We will continue to maintain the confidentiality of your information even after you may cease being our client; personal information will be disposed of in a secure manner at such time as is allowed by regulation.

Item 12 :Brokerage Practices.

12. A. Does our firm select a broker- dealer for you? On what basis do we do so? How do we determine the reasonableness of the broker's compensation (commission charges)? YES, we do recommend one or more specific broker-dealers for our clients' transactions.

Royal Securities Company (CRD # 10702) is the broker-dealer that Royal Advisors' representatives must use for the firm's advisory clients, inasmuch as the representatives are also registered representatives of the firm's related broker-dealer.

Among the factors considered in selecting RBC for its platforms and brokerage services we count :

- RBC. (member NYSE / SIPC) is one of the ten largest full service securities firm in the United States of America and it strives to remain fully competitive with prevailing market cost rates for brokerage services.

Upon the renewal of our clearing arrangements with RBC, Royal conducts a review of other possible clearing firms.

12. A. 1. Research and other "Soft Dollar" benefits : Do we have any conflicts of interest such as receiving "soft dollars" from the broke- dealer? Currently Royal Advisors does not have any "soft money" arrangements whereby it would receive any products, research or other service from an unrelated party for directing brokerage to that party. Neither Royal Advisors nor its related broker-dealer receives any soft dollar benefits from any third party.

Required disclosures / explanations:

- a. If an adviser uses client brokerage commissions (or markups or markdowns) to obtain research or other products or services, the adviser receives a benefit in not having to produce or purchase them itself.
- b. Any such benefit creates an incentive to select or recommend the broker-dealer that provides it; an adviser's duty is to select a broker-dealer based on the most favorable execution services for the adviser's clients.

[c.] Do we "pay up" to obtain soft dollar benefits (that is, do we pay more than the lowest available commission rate)? Do we make our clients pay commissions (or markup or markdowns) higher than those charged by other broker-dealers in return for "paying-up"? NO, we do not. This does not apply to Royal Advisors.

[d.] Do we use soft dollar products, research or other items for the benefit of all our clients or only certain clients? Do we allocate benefits proportionately to accounts as those accounts generate the soft dollars by our directing brokerage to a specific broker-dealer? Any research the advisor might obtain from RBC or any other brokerage service would be used equally for all advisory clients, as the advisor deems to be applicable. This item does not actually apply to Royal Advisors.

[e.] The types of products, services or other benefits our firm or any of its related persons acquired in our firm's last fiscal year due to directing our clients' brokerage to Royal Securities and RBC include only brokerage and the billing, reporting and other services from RBC, for which Royal pays a fee, as disclosed above. The intent of this item does not apply to Royal Advisors.

[f.] The procedures our firm used during its last fiscal year to direct our clients' transactions to a particular broker-dealer in return for soft dollar benefits received were to inform clients, when signing agreements for services, that the brokerage and clearing services are directed to the related broker dealer, Royal Securities, and the clearing firm, RBC.

Clients need to understand that “soft dollars” are an enticing benefit for an adviser in so far as they provide access to research and / or other products both of use to the adviser in its business and at no expense to the adviser. Clearly, such an enticement creates an incentive to use the broker-dealer in question and may cause the adviser to use a broker that charges the adviser’s clients higher commission rates than another broker-dealer. An adviser has a duty to seek the best execution of trades for its clients, which includes considerations in addition to the commission rate, however.

Are there additional, material conflicts of interest involved in our use of directed brokerage, due to a relationship with the broker-dealer?

Associates of the firm may receive 12b-1 fees in their capacity as registered representatives of the related broker / dealer, Royal Securities Company, if their clients have invested in mutual funds.

#### 12. A. 2. Brokerage for client referrals

Do we direct brokerage to a specific broker-dealer in return for client referrals either to our firm or to a related firm? No, we do not do so to obtain any client referrals. The inherent conflict of interest in this practice stems from an adviser’s fiduciary duty to the client to put the client’s interests first. The referrals create an incentive to use the broker-dealer not for the services a client will receive, but due to the benefit to the advisory firm.

Directed brokerage may result in brokerage costs that are higher than a client might obtain from another broker-dealer.

#### 12. A. 3.

[a] Do we “routinely recommend, request or require” our clients to direct brokerage? We explain to our clients that the broker-dealer will be Royal Securities, as we cannot sell away from our employer, and the clearing we accomplish through RBC. Clients should know that not all advisers do require directed brokerage.

Is the broker-dealer in question an affiliate of our firm or have some other economic relationship? Yes. As noted throughout this ADV Part 2A, Royal Securities Company is owned by the same persons who own and direct this investment advisory firm. We inform our clients here that such a relationship creates an inherent risk for a conflict of interest. By directing brokerage we may not be able to achieve the most favorable execution for client transactions, at an increased cost to our clients than they might have incurred with another broker-dealer.

[b] Do we permit a client to direct brokerage to a specific broker-dealer? No. Clients should understand that their choice of broker-dealer may lead to higher brokerage costs than they might have otherwise obtained, due to higher rates or an inability to aggregate orders and thereby reduce transaction costs.

12. B. When we place orders with a broker-dealer for our clients, do we aggregate or “bunch” your trade order with orders for other clients? The firm may bunch orders to obtain better commission costs. In those instances, the firm will apply any benefits accrued to all participating accounts in proportion to their share of the trade placed.

Item 13 :Review of Accounts.

13. A. Does someone in our firm review your investment account portfolio and how often?

Reviews of client portfolios occur on two levels :

Quarterly at least, each advisory representative will review his own clients' portfolio for performance and agreement with pre-determined parameters of risk tolerance, goals and portfolio composition.

Quarterly, the compliance officer, Ms. Newenhouse, will review advisory representatives' portfolios using a combination of indices, such as the level of trading activity, the size of the portfolio and individual trades as well as a degree of randomly selected portfolios.

13. B. What factors might trigger a review in addition to our periodic reviews?

Unusual market movements or changes in the administration of investment programs may trigger additional reviews of affected portfolios.

13. C. What regular reports do we or others provide you? Are they written reports? What do they contain? The custodial broker-dealer, RBC Capital Markets LLC, ("RBC"), provides written, quarterly performance reporting to client accounts as part its services for the fee paid for participating in its programs. RBC calculates the quarterly return, year-to-date return and return since purchase performance and value of the portfolio and the various fees to be paid for each account and then notifies the client participating in its investment program(s).

Item 14 :Client Referrals and Other Compensation.

A. Does someone other than a client of our firm pay our firm or related persons, or otherwise provide some economic benefit to our firm, for the investment advice we provide to our clients? [12b-1 fees; other; sales awards or prizes] Yes. Advisory representatives who are also registered representatives of the related broker-dealer will receive 12(b)-1 fees if they place an advisory client's investments in mutual funds. The payment creates an incentive to recommend such funds and thereby a potential conflict of interest. An investment adviser is to recommend to its clients only those investments that are in the client's own best interest, free of any taint of the influence that the prospect of additional income may exert. We address the potential for a conflict of interest for an advisory representative in this situation by disclosing it to our clients.

B. Does our firm or a firm related to us through some form of ownership pay someone, directly or indirectly, for client referrals? The firm has no plans to hire solicitors to refer clients to its advisory services. In many states, such persons are required to be registered as Investment Advisory representatives. In others, a solicitor may refer clients to an advisor on the condition that she or he provide the prospective client with required disclosure documents

- That describe the solicitor's relationship to the investment advisor
- Including the ADV, Part II with Schedule F of the advisor, and
- Obtain a signed acknowledgement from the client for the receipt of the above disclosure documents.

We do not obligate any client we may refer to another investment advisor to use the offered services.

Item 15: Custody.

Does our firm have custody of your assets?

Royal Advisors, LLC does not directly bill client accounts held by the client's account custodian. Rather the custodian, RBC, calculates the quarterly account fee, deducts the fee from the client accounts and remits the fee to Royal Advisors. The practice of "direct billing" has been defined by the SEC as a form of custody, but also as a "modern practice" that does not require annual audits. Direct billing also requires that the client receive at least quarterly statements from the account custodian, showing the advisory fee. Indirectly Royal Advisors, then, participates in "direct billing."

Regarding Custody : Regarding advisory fees for the RSC Private Equity Opportunity Fund, LLC : The independent CPA firm of Kieover, Scholma, & Shumaker, PC prepares annual statements for the Fund, calculating performance, current value and the fee to be paid to the advisor. This statement is provided to the Board of Directors managing the Fund which then directs the advisor to write the check for the decided amount of fees to be paid, using the agreed upon annual fee as a percentage of the assets under management. The Fund, a Regulation D offering, no longer accepts any new clients.

RBC is the qualified custodian of all accounts. The custodian will send our clients at a minimum a quarterly account statement, monthly statements or confirmations for any month in which there was trade transaction activity in the account. NOTE : These statements should be reviewed carefully. It is not the custodian's responsibility to ascertain the accuracy of the calculation for fees subtracted from your account.

Item 16 :Investment Discretion.

A. Does our firm have discretionary authority over your assets? YES, Royal Advisors may exercise discretion over its clients' accounts. The firm performs its investment management services on both a discretionary basis and on a non-discretionary basis. Clients should understand the difference :

**Non-discretionary accounts** will require that the client provide proof in advance that she/he approves each and every transaction (buy or sell) to be effected.

**Discretionary accounts** require that clients must first give their documented permission in the form of a limited power of attorney for the advisor or money manager to make decisions without the client's prior approval for each transaction (purchase or sale) in that client's account, within the pre-determined and agreed-upon parameters established for a client's portfolio.

B. What limitations are there, or can you place, on our discretionary authority? Suitability parameters, as the client and the adviser establish in the initial interview, are the over-riding limitation on any discretion. The firm gains discretionary authority over a client's account only if and when that client signs a limited power of attorney stating that allowance specifically. A client may revoke that permission at any time.

Item 17. : Voting Client Securities..— proxy voting practices

Does our firm have or will it accept authority to vote client securities? No, Royal Advisors does not vote any client proxies. This is our policy and our procedures : we do not vote proxies. We state this in our agreement and here in these disclosures. Our firm urges our clients to read and participate in the voting process tied to the shares they own in various companies as an excellent means for our clients to become familiar with those companies in which they are invested.

Item 18 :Financial Information.

A. Custody situations : Does our firm have custody of your funds or your securities investments?

- Do we require prepayment of a fee of \$1200 or more, 6 or more months in advance of services? We do not.
- Do we practice "Direct Billing" (charging our fees to your account)? We do practice "direct billing" as described above in Item 15 : "Custody"
- Do we or someone in our firm act as the trustee for an advisory client? No, we do not, except in cases of family relationships. The broker -dealer, Royal Securities, allows some instances of trusteeship for non-advisory accounts.

Notes : The related Fund is closed to further investors. Royal Advisors does not solicit its advisory clients to invest in the fund.

1. An investment advisory firm that does have custody[of its advisory clients' funds or securities] must include in this brochure a balance sheet prepared in accordance with GAAP (Generally Accepted Accounting Principles), audited by an independent, public accountant and accompanied by a note stating principles used to prepare it, the basis of the securities included, and any other explanations required for clarity.
2. It must show parenthetically the market or fair value of securities included at cost.
3. The independent public accountant's qualifications and accompanying independent public accountant's report must conform to Article 2 of SEC Regulation S-X.

18. B. Financial difficulties : If our firm has discretionary authority over your assets [see Item 16] or custody of our clients' securities or funds, or require or solicit prepayment of fees of \$1,200 or more (for SEC registrants, but only \$500 or more for state registrants), six or more months in advance, then we must disclose if there is any financial condition reasonable likely to impair our firm's ability to meet its contractual commitments to its clients.

Does our firm have any financial condition that could reasonably seem likely to impair our ability to meet our contractual commitments to you, our client? This question is important, especially if an investment adviser has discretion, custody or both; if our financial condition were precarious, our clients would be exposed to increased risks that we might not manage their assets properly, according to the SEC. Prepaid fees might not be refunded if an advisory firm were to cease being able to do business due to insolvency.

No, it does not. Royal Advisors has no financial difficulties as of the time of this ADV Part 2A; the firm undertakes to inform clients if it were to have any threatening financial difficulties.

18. C. Has our firm been the subject of a bankruptcy petition during the last 10 years? **No, it has not.**

**Royal Advisors, LLC**  
[“Royal Advisors”]  
4095 Chicago Drive, Suite 120  
Grandville, Michigan 49418-1288  
Telephone : (616 ) 538-2550 or Facsimile : 616-538-3360

### **Part 2B: The Brochure Supplements**

for representatives who are also management persons:

: Here we provide information about advisory personnel on whom you rely for investment advice. We must provide this supervised person’s supplement to you, our client initially at or before the time when *that* specific supervised person begins to provide you with advisory services.

#### **Item 1. Cover Page.**

This brochure supplement provides information about William C. Kapteyn that supplements the Royal Advisors, LLC brochure. You should have received a copy of that brochure. Please contact Ms. Ruth Newenhouse if you did not receive Royal Advisor’ brochure or if you have any questions about the contents of this supplement. Additional information about Mr. Kapteyn is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

#### **William Calvin Kapteyn**

Born 9/24/1963  
CRD # 1726199

#### **Item 2. Educational Background and Business Experience**

##### **Mr. William C. Kapteyn, Jr., President,**

Education : Mr. Kapteyn earned a BA degree (1985) in Business Administration from Calvin College with a Minor in Psychology. He has passed the Series 7, 24,63, and 66 securities examinations. Mr. Kapteyn also completed the Certificate Program in Financial Planning, Grand Valley State University, in 2001.

Work History for the last ten years:

09/ 2007 to present: Royal Advisors, LLC: President

08/ 1996 to present : Royal Securities Company, Grandville, MI; President

#### **Item 3. Disciplinary Information.**

Regarding Mr. Kapteyn, the Investment Adviser Public Disclosure and Broker Check sites state :

“Is this Investment Adviser Representative currently suspended with any jurisdiction? **No**”

“Are there events disclosed about this Investment Adviser Representative? **No**”

“Are there events disclosed about this broker? **No**”

#### **Item 4. Other Business Activities.**

Mr. Kapteyn is also registered as the agent of a broker-dealer. If the firm or Mr. Kapteyn recommends his brokerage services to an advisory client, that creates a potential conflict of interest. As a fiduciary he must recommend only those services and products that are in a client’s own best interest, free of any influence of possible gain for himself. The firm addresses this possible conflict of interest by disclosing it to the firm’s clients.

#### **Item 5. Additional Compensation.**

As a broker dealer agent he may receive 12(b)-1 fees from the administrative fees a client pays to a mutual fund. If he recommends the purchase of mutual funds to his advisory clients, that recommendation creates a risk for a conflict of interest, due to the 12(b)-1 fees that he may realize.

#### **Item 6. Supervision.**



Mr. Kapteyn, the firm's President, is largely his own supervisor. He maintains on file in the firm's offices reports of his proprietary trading activities and the formulation of any recommendations he may make for the regulator to review at will. Ms. Newenhouse reviews his proprietary trading activities each quarter.

Item 7. State Registration requirements

Mr. Kapteyn maintains his registration as an advisory representative of his firm.

**Part 2B: The Brochure Supplement** : Here we provide information about advisory personnel on whom you rely for investment advice. We must provide this supervised person's supplement to you, our client initially at or before the time when *that* specific supervised person begins to provide you with advisory services.

**Item 1. Cover Page.**

This brochure supplement provides information about David G. Moelker that supplements the Royal Advisors, LLC brochure. You should have received a copy of that brochure. Please contact Ms. Ruth Newenhouse if you did not receive Royal Advisor' brochure or if you have any questions about the contents of this supplement. Additional information about Mr. Moelker is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**David Gordon Moelker**

Born 8/13/1972

CRD # 3114412

**Item 2. Educational Background and Business Experience**

Mr. David Moelker, Secretary/Treasurer

Education : Mr. Moelker holds a finance degree earned in 1998 from Grand Valley State University. He has passed the Series 7, 24, 63 and 65 securities examinations.

Work History for the last ten years

09/ 2007 to present : Royal Advisors, LLC : Senior VP - Investments

06/ 1998 to present : Royal Securities Company; Senior VP - Investment

**Item 3. Disciplinary Information.**

Regarding Mr. Moelker, the Investment Adviser Public Disclosure and Broker Check sites state :

"Is this Investment Adviser Representative currently suspended with any jurisdiction? **No**"

"Are there events disclosed about this Investment Adviser Representative? **No**"

"Are there events disclosed about this broker? **No**"

**Item 4. Other Business Activities.**

Mr. Moelker is also registered as the agent of a broker-dealer. If the firm or Mr. Moelker recommends his brokerage services to an advisory client, that creates a potential conflict of interest. As a fiduciary he must recommend only those services and products that are in a client's own best interest, free of any influence of possible gain for himself. The firm addresses this possible conflict of interest by disclosing it to the firm's clients.

**Item 5. Additional Compensation.**

As a broker dealer agent he may receive 12(b)-1 fees from the administrative fees a client pays to a mutual fund. If he recommends the purchase of mutual funds to his advisory clients, that recommendation creates a risk for a conflict of interest, due to the 12(b)-1 fees that he may realize.

**Item 6. Supervision.**

Mr. Moelker, the firm's corporate secretary and a board member, is largely his own supervisor, as a manager. He maintains on file in the firm's offices reports of his proprietary trading activities and the formulation of any recommendations he may make for the regulator to review at will. Ms. Newenhouse reviews his proprietary trading activities each quarter.

**Item 7. State Registration requirements**

Mr. Moelker maintains his registration as an advisory representative of his firm.

**Part 2B: The Brochure Supplement** : Here we provide information about advisory personnel on whom you rely for investment advice. We must provide this supervised person's supplement to you, our client initially at or before the time when *that* specific supervised person begins to provide you with advisory services.

**Item 1. Cover Page.**

This brochure supplement provides information about Ruth A. Newenhouse that supplements the Royal Advisors, LLC brochure. You should have received a copy of that brochure. Please contact Mr. Dave Moelker if you did not receive Royal Advisor' brochure or if you have any questions about the contents of this supplement. Additional information about Ms. Newenhouse is available at [brokercheck.finra.org](http://brokercheck.finra.org).

**Ruth Ann Newenhouse**

Born 8/29/1950

CRD # 2807467

**Item 2. Educational Background and Business Experience**

**Ms. Ruth Newenhouse, Interim Chief Compliance Officer**

Education : Ms. Newenhouse obtained a degree in Business Finance in 1999 from Davenport University. She has passed the Series 7, 24, 27, 53, and 63 securities examinations.

Work History for the last ten years

09/ 2007 to 12/31/2009 : Royal Advisors, LLC; CFO

04/ 1993 to 12/31/2009 : Royal Securities Company; CFO

11/01/2011 to Present : Royal Advisors, LLC and Royal Securities Company; Interim Chief Compliance Officer

**Item 3. Disciplinary Information.**

Regarding Ms. Newenhouse, the FINRA Broker Check sites state :

"Are there events disclosed about this broker? **No**"

Ms. Newenhouse is not registered as an investment advisory representative.

**Item 4. Other Business Activities.**

Ms. Newenhouse is both an officer of the advisory firm and registered as the agent of the firm's related broker-dealer. If an advisory representative recommends the related firm's brokerage services to an advisory client, that creates a potential conflict of interest. The firm addresses this possible conflict of interest by disclosing it to the firm's clients.

**Item 5. Additional Compensation.**

As a broker dealer agent she may receive 12(b)-1 fees from the administrative fees a client pays to a mutual fund.

**Item 6. Supervision.**

Ms. Newenhouse, the firm's interim Chief Compliance Officer, is supervised by the firm's President, above. She maintains on file in the firm's offices reports of her proprietary trading activities for the regulator to review at will. Mr. Moelker reviews her proprietary trading activities each quarter.

**Item 7. State Registration requirements**

Ms. Newenhouse is not an investment advisory representative currently.

**Part 2B: The Brochure Supplement** : Here we provide information about advisory personnel on whom you rely for investment advice. We must provide this supervised person's supplement to you, our client initially at or before the time when *that* specific supervised person begins to provide you with advisory services.

**Item 1. Cover Page.**

This brochure supplement provides information about Marvin L. Andringa that supplements the Royal Advisors, LLC brochure. You should have received a copy of that brochure. Please contact Ms. Ruth Newenhouse if you did not receive Royal Advisor' brochure or if you have any questions about the contents of this supplement. Additional information about Mr. Andringa is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Marvin Louis Andringa**

Born 1/5/1947

CRD # 6013

**Item 2. Educational Background and Business Experience**

**Mr. Marvin Andringa, Executive Vice President,**

Education : Mr. Andringa earned his degree in 1969 in Business Administration from Michigan State University. While attending MSU, Mr. Andringa was in the ROTC Program and then served in the U.S. Army as a Signal Corp Officer for two years. He has passed the Series 1,4, 7, 24, 53, 63, 66 securities examinations.

Work History for the last ten years

09/ 2007 to present : Royal Advisors, LLC; Exec Senior VP - Investments

09/ 1982 to present : Royal Securities Company; Exec Senior VP - Investments

**Item 3. Disciplinary Information.**

Regarding Mr. Andringa, the Investment Adviser Public Disclosure and Broker Check sites state :

"Is this Investment Adviser Representative currently suspended with any jurisdiction? **No**"

"Are there events disclosed about this Investment Adviser Representative? **YES**" : a regulatory event deriving from past broker dealer actions. The NASD (now FINRA) filed a complaint against Mr. Andringa in April 1976, settled in September of 1977; the SRO censured and fined him for violations of its rules.

**Item 4. Other Business Activities.**

Mr. Andringa is also registered as the agent of a broker-dealer. If the firm or Mr. Andringa recommends his brokerage services to an advisory client, that creates a potential conflict of interest. As a fiduciary he must recommend only those services and products that are in a client's own best interest, free of any influence of possible gain for himself. The firm addresses this possible conflict of interest by disclosing it to the firm's clients.

**Item 5. Additional Compensation.**

As a broker dealer agent he may receive 12(b)-1 fees from the administrative fees a client pays to a mutual fund. If he recommends the purchase of mutual funds to his advisory clients, that recommendation creates a risk for a conflict of interest, due to the 12(b)-1 fees that he may realize.

**Item 6. Supervision.**

Mr. Andringa, the firm's Executive Vice President, essentially supervises himself. He maintains on file in the firm's offices reports of his proprietary trading activities and the formulation of any recommendations he may make for the regulator to review at will. Ms. Newenhouse reviews his proprietary trading activities each quarter..

**Item 7. State Registration requirements**

Mr. Andringa maintains his registration as an advisory representative of his firm.

**Part 2B: The Brochure Supplement :** Here we provide information about advisory personnel on whom you rely for investment advice. We must provide this supervised person's supplement to you, our client initially at or before the time when *that* specific supervised person begins to provide you with advisory services.

**Item 1. Cover Page.**

This brochure supplement provides information about John Lawrence Worst that supplements the Royal Advisors, LLC brochure. You should have received a copy of that brochure. Please contact Ms. Ruth Newenhouse if you did not receive Royal Advisor' brochure or if you have any questions about the contents of this supplement. Additional information about Mr. Worst is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**John Lawrence Worst**

Born 10/26/1950

CRD # 603539

**Item 2. Educational Background and Business Experience**

**Mr. John Worst, Senior Vice President,**

Education : Mr. Worst has a degree (1973) in engineering from University of Michigan. Shortly after graduation, he joined his father in the brokerage business and together they built a successful firm that spanned three generations. He has passed the Series 4, 7, 24, 28, 52, 53, 55, 63, and 66 securities examinations.

Work History for the last ten years

09/ 2007 to present : Royal Advisors, LLC: Senior VP - Investments

10/ 2003 to present : Royal Securities Company; Senior VP- Investments

03/ 1979 to 10 / 2003 : Kent King Securities Company, Inc.; Owner

**Item 3. Disciplinary Information.**

Regarding Mr. Worst, the Investment Adviser Public Disclosure and Broker Check sites state :

"Is this Investment Adviser Representative currently suspended with any jurisdiction? **No**"

"Are there events disclosed about this Investment Adviser Representative? **YES** " 2 regulatory events in one case initiated by FINRA on 2/20/1990, resulting in a fine and a censure for violation of MSRB rules.

**Item 4. Other Business Activities.**

Mr. Worst is also registered as the agent of a broker-dealer. If the firm or Mr. Worst recommends his brokerage services to an advisory client, that creates a potential conflict of interest. As a fiduciary he must recommend only those services and products that are in a client's own best interest, free of any influence of possible gain for himself. The firm addresses this possible conflict of interest by disclosing it to the firm's clients.

**Item 5. Additional Compensation.**

As a broker dealer agent he may receive 12(b)-1 fees from the administrative fees a client pays to a mutual fund. If he recommends the purchase of mutual funds to his advisory clients, that recommendation creates a risk for a conflict of interest, due to the 12(b)-1 fees that he may realize.

**Item 6. Supervision.**

Mr. Worst, the firm's Senior Vice President, is self-supervised. He maintains on file in the firm's offices reports of his proprietary trading activities and the formulation of any recommendations he may make for the regulator to review at will. Ms. Newenhouse reviews his proprietary trading activities each quarter.

**Item 7. State Registration requirements**

Mr. Worst maintains his registration as an advisory representative of his firm.

## Part 2.B. Item 3 : Notes

If the *supervised person* has been *involved* in one of the events noted below, the advisory firm must disclose it under this Item for ten years following the date of the event, unless (1) the event was resolved in the *supervised person's* favor, or was reversed, suspended or vacated, or (2) you have rebutted the presumption of materiality to determine that the event is not material (see Note below). For purposes of calculating this ten-year period, the "date" of an event is the date the final *order*, judgment, or decree was entered, or the date any rights of appeal from preliminary *orders*, judgments or decrees lapsed.

A. A criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which the *supervised person*

1. was convicted of, or pled guilty or nolo contendere ("no contest") to (a) any *felony*; (b) a *misdemeanor* that *involved* investments or an *investment-related* business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or (c) a conspiracy to commit any of these offenses;
2. is the named subject of a pending criminal *proceeding* that involves an *investment-related* business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses;
3. was *found* to have been *involved* in a violation of an *investment-related* statute or regulation; or
4. was the subject of any *order*, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, the *supervised person* from engaging in any *investment-related* activity, or from violating any *investment-related* statute, rule, or *order*.

B. An administrative *proceeding* before the SEC, any other federal regulatory agency, any state regulatory agency, or any *foreign financial regulatory authority* in which the *supervised person*

1. was *found* to have caused an *investment-related* business to lose its authorization to do business; or
2. was *found* to have been *involved* in a violation of an *investment-related* statute or regulation and was the subject of an *order* by the agency or authority
  - (a) denying, suspending, or revoking the authorization of the *supervised person* to act in an *investment-related* business;
  - (b) barring or suspending the *supervised person's* association with an *investment-related* business;
  - (c) otherwise significantly limiting the *supervised person's investment-related* activities; or
  - (d) imposing a civil money penalty of more than \$2,500 on the *supervised person*.

C. A *self-regulatory organization (SRO) proceeding* in which the *supervised person*

1. was *found* to have caused an *investment-related* business to lose its authorization to do business; or
2. was *found* to have been *involved* in a violation of the *SRO's* rules and was: (i) barred or suspended from membership or from association with other members, or was expelled from membership; (ii) otherwise significantly limited from *investment-related* activities; or (iii) fined more than \$2,500.

D. Any other proceeding in which a professional attainment, designation, or license of the supervised person was revoked or suspended because of a violation of rules relating to professional conduct. If the supervised person resigned (or otherwise relinquished his attainment, designation, or license) in anticipation of such a proceeding (and the adviser knows, or should have known, of such resignation or relinquishment), disclose the event.

Note: You may, under certain circumstances, rebut the presumption that a disciplinary event is material. If an event is immaterial, you are not required to disclose it. When you review a legal or disciplinary event involving the supervised person to determine whether it is appropriate to rebut the presumption of materiality, you should consider all of the following factors: (1) the proximity of the supervised person to the advisory function; (2) the nature of the infraction that led to the disciplinary event; (3) the severity of the disciplinary sanction; and (4) the time elapsed since the date of the disciplinary event. If you conclude that the materiality presumption has been overcome, you must prepare and maintain a file memorandum of your determination in your records. See SEC rule 204-2(a)(14)(iii) and similar state rules.

Disclosure of any event for which the supervised person had ever resigned or otherwise relinquished a professional attainment, designation or license in anticipation of it being suspended or revoked (other than for suspensions or revocations for failure to pay membership dues). To clarify, this disclosure need only be made if the adviser knew or should have known that the supervised person relinquished his or her designation or license.

Permitting advisers to hyperlink to these systems [to disciplinary information available through the FINRA BrokerCheck system as well as the IAPD system] may minimize the costs of brochure supplements by leveraging existing infrastructure established by broker-dealer and adviser regulation. To take advantage of this provision, the brochure supplement must be delivered electronically and must include: (i) a statement that the supervised person has a disciplinary history, the details of which can be found on BrokerCheck or the IAPD (as the case may be); and (ii) a hyperlink to the relevant system with a brief explanation of how the client can access the disciplinary history.

### **Deliver a *brochure* to *clients***

An advisory firm must give a firm *brochure* to each *client* before or at the time it enters into an advisory agreement with that *client*. See SEC rule 204-3(b) and similar state rules.

Each year the IA firm must (i) deliver, within 120 days of the end of its fiscal year, to each *client* a free updated *brochure* that either includes a summary of material changes or is accompanied by a summary of material changes, or (ii) deliver to each *client* a summary of material changes that includes an offer to provide a copy of the updated *brochure* and information on how a *client* may obtain the *brochure*. See SEC rule 204-3(b) and similar state rules.

The IA firm does not have to deliver an interim amendment to *clients* unless the amendment includes information in response to Item 9 of Part 2A (disciplinary information). An interim amendment can be in the form of a document describing the material facts relating to the amended disciplinary event. See SEC rule 204-3(b) and similar state rules.

**Note:** As a fiduciary, an advisory firm has an ongoing obligation to inform its *clients* of any material information that could affect the advisory relationship. As a result, between *annual updating amendments* the firm must disclose material changes to such information to *clients* even if those changes do not trigger delivery of an interim amendment. See General Instructions for Part 2 of Form ADV, Instruction 3.

Question: May an advisor deliver its *brochure* electronically? Yes. The SEC has published interpretive guidance on delivering documents electronically, which advisors can find at <[www.sec.gov/rules/concept/33-7288.txt](http://www.sec.gov/rules/concept/33-7288.txt)>.