

# Royal Fund Management, LLC

Firm Brochure

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*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*

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

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

There are no material changes since Royal Fund Management's last annual filing in March 2013.

## Item 3 Table of Contents

Item 1 Cover Page	Page 1
Item 2 Summary of Material Changes	Page 2
Item 3 Table of Contents	Page 3
Item 4 Advisory Business	Page 4
Item 5 Fees and Compensation	Page 5
Item 6 Performance-Based Fees and Side-By-Side Management	Page 6
Item 7 Types of Clients	Page 6
Item 8 Methods of Analysis, Investment Strategies, and Risk of Investment Loss	Page 7
Item 9 Disciplinary Information	Page 8
Item 10 Other Financial Industry Activities and Affiliations	Page 8
Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	Page 9
Item 12 Brokerage Practices	Page 9
Item 13 Reviews of Accounts	Page 10
Item 14 Client Referrals and Other Compensation	Page 10
Item 15 Custody	Page 11
Item 16 Investment Discretion	Page 11
Item 17 Voting Client Securities (Proxy Voting)	Page 11
Item 18 Financial Information	Page 11

## **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.

#### ***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.

### **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.

Clients may not impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs.

#### **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>
\$111,754,419.00	\$274,414.00	12/31/2013

### **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 - \$750,000	1.50%
Above \$750,000	1.25%

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.

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

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

###### ***Fixed Fees***

Depending upon the complexity of the situation and the needs of the client, the rate for creating client financial plans is between \$100 and \$1,200. 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 \$175. 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.

## **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.

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.

### ***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.

## **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.

## **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.

## **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.

## 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.

**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** involved 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. He receives fees for tax preparation services and commissions on insurance products through this entity. From time to time, he will offer clients 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.

### **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.



## **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. Factors Used to Select Custodians and/or Broker/Dealers**

The Custodians, TD Ameritrade Institutional, a Division of TD Ameritrade, Inc., member FINRA/SIPC/NFA and, Trade-PMR, Inc. (Broker/Dealer) has a clearing arrangement with First Clearing, LLC. (Clearing/Custodian) (CRD# 46350), were chosen based on their relatively low transaction fees and access to mutual funds and ETFs. RFM will never charge a premium or commission on transactions, beyond the actual cost imposed by Custodian.

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

RFM receives no research, product, or service other than execution from a broker-dealer or third-party in connection with client securities transactions ("soft dollar benefits"). RFM receives research, products, or services other from its broker-dealer or another third-party in connection with client securities transactions ("soft dollar benefits"). There is no minimum client number or dollar number that RFM must meet in order to receive free research from the custodian or broker/dealer. There is no incentive for RFM to direct clients to this particular broker-dealer over other broker-dealers who offer the same services. The first consideration when recommending broker/dealers to clients is best execution.

## **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**

RFM maintains the ability to block trade purchases across accounts but will rarely do so. While block trading may benefit clients by purchasing larger blocks in groups, we do not feel that the clients are at a disadvantage due to the best execution practices of our custodian.

## **Item 13 Reviews 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)**

RFM does not receive any economic benefit, directly or indirectly from any third party for advice rendered to RFM clients.

### **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. 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

RFM, with client written authority, has limited custody of client's assets through direct fee deduction of RFM's Fees only. If the client chooses to be billed directly by the Custodian, TD Ameritrade Institutional, a Division of TD Ameritrade, Inc., member FINRA/SIPC/NFA and Trade-PMR, Inc. (Broker/Dealer) has a clearing arrangement with First Clearing, LLC. (Clearing/Custodian) (CRD# 46350), RFM would have constructive custody over that account and must have written authorization from the client to do so. Clients will receive all required account statements and billing invoices that are required in each jurisdiction, and they should carefully review those 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.