

**Item 1 Cover Page**

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This brochure provides information about the qualifications and business practices of Hayden Royal, LLC. If you have any questions about the contents of this brochure, please contact us at (704) 919-0439 or [swestbrook@haydenroyal.com](mailto:swestbrook@haydenroyal.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state authority.

Hayden Royal, LLC is an SEC registered investment advisory firm. Registration does not imply a certain level of skill or training. Additional information about Hayden Royal, LLC is also available on the SEC's website at [www.AdvisorInfo.sec.gov](http://www.AdvisorInfo.sec.gov).

## **Item 2 - Material Changes**

Since our last Annual Amendment in February 2018 the following changes have been made to our Firm Brochure:

- As of July 18, 2018, Hayden Royal, LLC changed its legal domicile from the state of Illinois to the state of North Carolina and is now a limited liability company organized under the laws of the state of North Carolina.
- Clarifications have been made throughout this document. As a result we are sending the complete document to all clients in 2019.

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#### Item 4 - Advisory Business

Hayden Royal, LLC (“Hayden Royal”, “HR”, “Firm”) was organized as a limited liability company under the laws of Illinois in 2014. As of July 18, 2018, Hayden Royal, LLC changed its legal domicile from the state of Illinois to the state of North Carolina and is now a limited liability company organized under the laws of the state of North Carolina. Hayden Royal provides portfolio management and limited financial planning services to its clients. Douglas Brown, Louis Dworsky and Jeffrey Hines maintain ownership in Hayden Royal greater than or equal to 10 percent, but not with a majority interest.

As of December 31, 2018, Hayden Royal had \$ 546,358,338.00 in discretionary assets under management and \$14,420,912.00 in assets under advisement.

Hayden Royal does participate in a Wrap Program as a portfolio manager. A Wrap Program is one that charges one fee (the “wrap fee”) for both the Advisory fee and the transaction expenses incurred by the account. If subadvisors are utilized the client will incur an additional fee for the subadvisor. There is no difference in how we manage a Wrap Fee account versus a Non-wrap account. HR does receive a portion of the wrap fee for our services. For more information regarding our Wrap Program please see our Wrap Fee brochure.

#### Services Provided

At the outset of each client relationship, Hayden Royal’s Investment Advisor Representatives (“IAR”) spend time with the client, asking questions, discussing the client’s investment experience and financial circumstances, and reviewing options for the client. Based on its reviews, Hayden Royal generally develops with each client:

- a financial outline for the client based on the client’s financial circumstances and goals, and the client’s risk tolerance level (the “Financial Profile”); and
- the client’s investment objectives and guidelines (the “Investment Plan”).
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The Financial Profile is a reflection of the client’s current financial picture and a look to the future goals of the client. The Investment Plan outlines the types of investments the IAR will make or recommend on behalf of the client to meet those goals. The Profile and the Plan are discussed regularly with each client but are not necessarily written documents.

#### Financial Planning

Hayden Royal offers limited financial planning services to those clients in need of such service in conjunction with Portfolio Management services. Hayden Royal’s limited financial planning services normally address areas such as general cash flow planning, retirement planning, and insurance analysis. The goal of this service is to assess the financial circumstances of the client in order to more effectively develop the client’s Investment Plan. Financial planning is not offered as a stand- alone service or for a separate fee but is typically provided in conjunction with the management of the portfolio.

### Portfolio Management

As described above, at the beginning of a client relationship, the IAR meets with the client, gathers information, and performs research and analysis as necessary to develop the client's Investment Plan. The Investment Plan will be updated from time to time when requested by the client, or when determined to be necessary or advisable by the IAR based on updates to the client's financial or other circumstances. The IAR shall assist their client in formulating a strategic investment portfolio based on the client's investment objectives. Once formulated, the IAR will implement and continually manage the portfolio.

### Sub-Advisors

Hayden Royal has access to a wide range of non-affiliated investment advisors ("sub-advisors") via the Envestnet ENV platform to offer asset allocation and asset management services to Hayden Royal advisory clients. Each IAR shall assist their client in formulating a strategic investment portfolio based on the client's investment objectives. Once formulated, a suitable sub-advisor is selected to implement and continually manage the portfolio. In preparing the portfolio, each IAR will set restrictions or limitations on the management of the account and explain to the client the continual account activity transacted by the sub-advisor. Also, Hayden Royal will periodically review the current and historical performance record of each sub-advisor.

The relationship of Hayden Royal with the subadvisor will be clearly communicated to all clients. With each proposal done through the ENV platform the client will be provided a copy of the Envestnet Form ADV 2A or brochure.

### Third Party Money Managers

Hayden Royal has also entered into additional agreements with various non-affiliated investment advisors ("third-party money managers") not available on the Envestnet platform to offer asset allocation and asset management services to Hayden Royal advisory clients. In the same way as mentioned above, each IAR shall assist their client in formulating a strategic investment portfolio based on the client's investment objectives. Once formulated, a suitable third-party money manager is selected to implement and continually manage the portfolio. In preparing the portfolio, each IAR will set restrictions or limitations on the management of the account and explain to the client the continual account activity transacted by the third-party money manager.

Hayden Royal will periodically review the current and historical performance record of each third-party money manager. The relationship of Hayden Royal with these third-party money managers will be clearly communicated to all clients in the third-party money manager's Client Services Agreement and/or other similar documentation. Each third-party money manager is required to provide Hayden Royal and the IAR with a disclosure document statement, typically a copy of their Form ADV 2A. The third-party money manager's Form ADV 2A will be provided to the client by the IAR.

### Reasonable Restrictions

Notwithstanding the foregoing, clients may impose certain reasonable restrictions, in writing, on Hayden Royal in the management of their investment portfolios, such as prohibiting the inclusion of certain types of investments in an investment portfolio or prohibiting the sale of certain investments held in the account at the commencement of the relationship. If a client's instructions are unreasonable or an IAR believes that the instructions are inappropriate for the client, Hayden Royal will notify the client that, unless the instructions are modified, it will cancel the instructions in the client's account. A client will not be able to provide instructions that prohibit or restrict the Investment Adviser of an open-end or closed-end mutual fund or ETF with respect to the purchase or sale of specific securities or types of securities within the fund. Each client should note that restrictions imposed by a client may adversely affect the composition and performance of the client's investment portfolio. Each client should also note that his or her investment portfolio is treated individually by considering each purchase or sale for the client's account. For these and other reasons, performance of client investment portfolios within the same investment objectives, goals and/or risk tolerance may differ, and clients should not expect that the composition or performance of their investment portfolios would necessarily be consistent with similar clients of Hayden Royal.

### Retirement Plan Advisory Services

Establishing a sound fiduciary governance process is vital to good decision-making and to ensuring that prudent procedural steps are followed in making investment decisions. Hayden Royal will provide Retirement Plan consulting services to Plans and Plan Fiduciaries as described below, as and when requested by the client. The services provided will be detailed in the consulting agreement. The appropriate Plan Fiduciary(ies) in the Plan documents (e.g., the Plan sponsor or named fiduciary) will (i) make the decision to retain our firm; (ii) agree to the scope of the services that we will provide; and (iii) make the ultimate decision as to accepting any of the recommendations that we may provide. The Plan Fiduciaries are free to seek independent advice about the appropriateness of any recommended services for the Plan. Retirement Plan consulting services may be offered individually or as part of a comprehensive suite of services.

The Employee Retirement Income Security Act of 1974 ("ERISA") sets forth rules under which Plan Fiduciaries may retain investment advisors for various types of services with respect to Plan assets. For certain services, Hayden Royal will be considered a fiduciary under ERISA. For example, Hayden Royal will act as a fiduciary when providing non-discretionary investment advice to the Plan Fiduciaries by recommending a suite of investments as choices among which Plan Participants may select. Also, to the extent that the Plan Fiduciaries retain Hayden Royal to act as an investment manager within the meaning of ERISA § 3(38), Hayden Royal will provide discretionary investment management services to the Plan.

### Fiduciary Consulting Services

*Investment Selection Services-* Hayden Royal will provide Plan Fiduciaries with recommendations of investment options consistent with ERISA section 404(c). Plan Fiduciaries retain responsibility for the final determination of investment options and for compliance with ERISA section 404(c).

*Non-Discretionary Investment Advice-* Hayden Royal provides Plan Fiduciaries and Plan Participants general, non-discretionary investment advice regarding assets classes and investments.

*Investment Monitoring-* Hayden Royal may assist in monitoring the plan's investment options by preparing periodic investment reports that document investment performance, consistency of fund management and conformation to the guidelines set forth in the investment policy statement and Hayden Royal will make recommendations to maintain or remove and replace investment options. The details of this aspect of service will be enumerated in the engagement agreement between the parties.

#### Fiduciary Management Services

*Discretionary Management Services-* When retained as an investment manager within the meaning of ERISA § 3(38), Hayden Royal provides continuous and ongoing supervision over the retirement plan assets. Hayden Royal will actively monitor the retirement plan assets and provide ongoing management of the assets. When applicable, Hayden Royal will have discretionary authority to make all decisions to buy, sell or hold securities, cash or other investments for the retirement plan assets in our sole discretion without first consulting with the Plan Fiduciaries. We also have the power and authority to carry out these decisions by giving instructions, on your behalf, to brokers and dealers and the qualified custodian(s) of the Plan for our management of the retirement plan assets.

*Discretionary Investment Selection Services-* Hayden Royal will monitor the investment options of the Plan and add or remove investment options for the Plan without prior consultation with the Plan Fiduciaries. Hayden Royal will have discretionary authority to make and implement all decisions regarding the investment options that are available to Plan Participants.

*Investment Management via Model Portfolios-* Hayden Royal will provide discretionary management of Model Portfolios among which the participants may choose to invest as Plan options. Plan Participants will also have the option of investing only in options that do not include Model Portfolios (i.e., the Plan Participants may elect to invest in one or more of the mutual fund options made available in the Plan and choose not to invest in the Model Portfolios at all).

#### Non-Fiduciary Services

*Participant Education-* Hayden Royal will provide education services to Plan Participants about general investment principles and the investment alternatives available under the Plan. Education presentations will not consider the individual circumstances of each Plan Participant and individual recommendations will not be provided unless a Plan Participant separately engages Hayden Royal for such services. Plan Participants are responsible for implementing transactions in their own accounts.

*Participant Enrollment-* Hayden Royal may assist with group enrollment meetings designed to increase retirement Plan participation among employees and investment and financial understanding by the employees.

## **Item 5 - Fees and Compensation**

### Fees for Portfolio Management and Retirement Plan Consulting

The annual fee schedule, based on a percentage of assets under management, is as follows:

- Up to 2.5% on non-discretionary accounts
- Up to 3.0% on discretionary accounts

Hayden Royal does not generally impose a minimum annual fee or a minimum portfolio value. Hayden Royal may, at its discretion, make exceptions to the foregoing or negotiate special fee arrangements where Hayden Royal deems it appropriate under the circumstances. Each client's specific fee schedule will be included in their Advisory Management Agreement.

Portfolio management fees are generally payable quarterly, in advance. If management begins after the start of a quarter, fees will be prorated accordingly and billed the first month after account inception. Deposits and/or withdrawals of \$10,000 or more made during the calendar quarter will be prorated and charged or rebated in advance (arrears), as applicable.

With client authorization in the Advisory Management Agreement and unless other arrangements are made, fees are normally debited directly from client account(s).

### Margin

Our Investment Adviser Representatives may trade on margin for client accounts, when consistent with the client's suitability profile and risk tolerance or at the client's directive. This could result in a high portfolio turnover ratio and higher transaction charges in accounts with such charges. Additionally, the use of margin results in interest charges as well as all other fees and expenses associated with the security or account involved.

Fees are debited directly from client accounts and are calculated using the total assets in the account as shown on the client custodial statement, including any assets purchased on margin. If there is a net debit cash balance in the account as a result of using margin, the cash balance will be excluded from the fee calculation. Net positive cash balances in type 1 (cash account) and type 2 (margin account) are included in the fee calculation.

### General Fee Information

In addition to the fees outlined above, a separate platform fee which covers the firm's technology platform used for billing and reporting. This fee will be levied in addition to the Hayden Royal advisory fee assessed for investment management services and any fee charged by subadvisors utilized on the Envestnet platform and is not billed as a separate line item.

Fees paid to Hayden Royal in a non-wrap program are exclusive of all custodial and transaction costs paid to the client's custodian, brokers or other third-party consultants. Please see Item 12 – Brokerage Practices for additional information. The client should review all fees charged by funds, brokers, Hayden



Royal and others to fully understand the total amount of fees paid by the client for investment and financial-related services.

### Other Charges

In addition to the advisory fees paid to Hayden Royal, clients may also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively "Financial Institutions"). In addition, each mutual fund or third party investment manager charges asset management fees, which are in addition to the advisory fees charged by our firm. The fees charged by such funds or managers are disclosed in each fund's prospectus or Manager's ADV Part 2A. The Management Fee also does not cover fees and charges in connection with: debit balances; margin interest; odd-lot differentials; IRA fees; transfer taxes; exchange fees; wire transfers; extensions; non-sufficient funds; mailgrams; legal transfers; bank wires; postage; costs associated with exchanging foreign currencies; and SEC fees or other fees or taxes required by law.

These additional charges may include securities brokerage commissions, transaction fees, custodial fees, fees charged by the Independent Managers, charges imposed directly by a mutual fund or ETF in a client's account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses, 12b-1 fees), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees and other fees and taxes on brokerage accounts and securities transactions. Some mutual funds within this program pay 12b-1 service fees (normally 0.25% per year) to the Custodian. The mutual funds the Firm could purchase or recommend offer a variety of share classes, including some that do not charge 12b-1 fees and are, therefore, less expensive. These fee arrangements will be disclosed upon request of a client and are available in the applicable fund prospectus. When deciding whether to invest in a mutual fund share classes are compared and reviewed along with the anticipated investment timeframe and other costs to determine the best selection for the client at that time. Mutual funds carrying 12b-1 fees may be recommended when seen as an overall benefit to the client. For example, a lower share class may not be available to Hayden Royal; or mutual funds that charge 12b-1 fees are transferred into Hayden Royal. The Firm does not receive any part of the fees charged by Mutual Funds.

### Account Termination

Client and/or the firm may initiate termination of the contract at any time by sending written notice to the contra party and will be accepted the day that it is received by the contra party. Hayden Royal does not charge a fee for terminating the account, but the custodian may charge a termination fee. Upon termination of an account, any prepaid, asset-based fees will be prorated according to the days the account was opened during the calendar quarter and excess fees will be rebated to the client. Upon written receipt of notice to terminate its client agreement and unless specific transfer instructions are received, Hayden Royal and its agent will cease advisory services. Should the client provide specific instructions to liquidate, Hayden Royal will proceed with liquidation of the client's account in an orderly and efficient manner. There will not be a charge by us for such redemption; however, the client should be aware that certain mutual funds impose redemption fees as stated in each company's fund prospectus in certain circumstances. Clients must keep in mind that the decision to liquidate security issues or mutual funds may result in tax consequences that should be discussed with the client's tax advisor. Factors that

may affect the orderly and efficient manner would be size and types of issues, liquidity of the markets, and market makers' abilities. Should the necessary securities' markets be unavailable and trading suspended, efforts to trade will be done as soon as possible following their reopening. Due to the administrative processing time needed to terminate client's investment advisory service and communicate the instructions to client's Investment Advisor, termination orders received from clients are not market orders; it may take several business days under normal market conditions to process the client's request. During this time, the client's account is subject to market risk. Hayden Royal and its agent are not responsible for market fluctuations of the client's account from time of written notice until complete liquidation. All efforts will be made to process the termination in an efficient and timely manner. Although Hayden Royal believes its fees are reasonable in light of the services provided, clients should be aware that transaction fees may be higher than those otherwise available if advisory services and brokerage services were provided separately for a discrete fee or if an investment Advisor were to select brokerage and negotiate commissions in the absence of the extra consulting service provided. The comparison is dependent upon a number of factors, including the frequency of brokerage activity in the client's account, the size of the account under management, and any negotiated fee arrangements with respect to the account. An investor should consider these factors prior to opening an Advisory Account with Hayden Royal. Clients should consider the value of the additional consulting services when making such comparisons. The combination of custodial, consulting, and brokerage services may not be available separately or may require multiple accounts, documentation, and fees. All fees described herein are subject to negotiation depending on a range of factors including, but not limited to, account size and overall range of services requested.

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

Hayden Royal does not charge any performance-based fee, that is, fees based on a share of capital gains or capital appreciation of client assets. "Side by Side Management" refers to a situation in which the same firm manages accounts that are billed based on a percentage of assets under management and at the same time manages other accounts for which fees are assessed on a performance fee basis. Because Hayden Royal has no performance-based fee accounts, it has no side-by-side management.

#### **Item 7 - Types of Clients**

Hayden Royal serves individuals, high net worth individuals, companies and non-profit institutional funds. Hayden Royal does not generally impose a minimum portfolio value or a minimum fee for conventional investment advisory services.

Certain third-party managers may require a higher minimum as disclosed in the individual manager's Firm Brochure. Under certain circumstances, the minimum may be waived, including related accounts that are combined to meet the minimum.

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

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

In accordance with the Investment Plan, Hayden Royal will primarily invest in mutual funds, Exchange Traded Funds ("ETFs") and individual common stocks and bonds.

Mutual funds and ETFs are generally evaluated and selected based on a variety of factors, including, as applicable and without limitation, past performance, fee structure, portfolio manager, fund sponsor, overall ratings for safety and returns, and other factors.

Fixed income investments may be used as a strategic investment, as an instrument to fulfill liquidity or income needs in a portfolio, or to add a component of capital preservation. Hayden Royal may evaluate and select individual bonds or bond funds based on a number of factors including, without limitation, rating, yield and duration.

In making selections of individual stocks for client portfolios, Hayden Royal may use any of the following types of analysis:

*Fundamental Analysis*- involves review of the business and financial information about an issuer. Without limitation, the following factors generally will be considered:

- Financial strength ratios;
- Price-to- earnings ratios;
- Dividend yields; and
- Growth rate-to-price earnings ratios

*Charting Analysis*- involves the gathering and processing of price and volume information for a security. This price and volume information is analyzed using mathematical equations. The resulting data is then applied to graphing charts, which is used to predict future price movements based on price patterns and trends.

*Technical Analysis*- involves studying past price patterns and trends in the financial markets to predict the direction of both the overall market and specific stocks.

*Cyclical Analysis*- a type of technical analysis that involves evaluating recurring price patterns and trends.

#### Investment Strategies

Hayden Royal' strategic approach is to invest each portfolio in accordance with the Plan that has been developed specifically for each client. This means that the following strategies may be used in varying combinations over time for a given client, depending upon the client's individual circumstances.

*Long Term Purchases*- securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

*Short Term Purchases*- securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.

*Short Sales*- a securities transaction in which an investor sells securities he or she borrowed in anticipation of a price decline. The investor is then required to return an equal number of shares at some point in the future. A short seller will profit if the stock goes down in price.

*Trading*- generally considered holding a security for less than thirty (30) days.

*Options Trading/Writing*- a securities transaction that involves buying or selling (writing) an option. If you write an option, and the buyer exercises the option, you are obligated to purchase or deliver a specified number of shares at a specified price at the exercise of the option regardless of the market value of the security at expiration of the option. Buying an option gives you the right to purchase or sell a specified number of shares at a specified price until the date of expiration of the option regardless of the market value of the security at expiration of the option.

*Pooled Investment Vehicles* – a fund that pools various investors’ capital and invest it according to a specific investment strategy.

#### Risk of Loss

While Hayden Royal seeks to diversify clients’ investment portfolios across various asset classes consistent with their Investment Plans in an effort to reduce risk of loss, all investment portfolios are subject to risks. Accordingly, there can be no assurance that client investment portfolios will be able to fully meet their investment objectives and goals, or that investments will not lose money.

Below is a description of several of the principal risks that client investment portfolios face.

*Management Risks* - While Hayden Royal manages client investment portfolios, or recommends one or more Managers, based on Hayden Royal’ experience, research and proprietary methods, the value of client investment portfolios will change daily based on the performance of the underlying securities in which they are invested. Accordingly, client investment portfolios are subject to the risk that Hayden Royal or a Manager allocates assets to asset classes that are adversely affected by unanticipated market movements, and the risk that Hayden Royal’ specific investment choices could underperform their relevant indexes.

*Risks of Investments in Mutual Funds, ETFs and Other Investment Pools*- As described above, Hayden Royal or a Manager(s) may invest client portfolios in mutual funds, ETFs and other investment pools (“pooled investment funds”). Investments in pooled investment funds are generally less risky than investing in individual securities because of their diversified portfolios; however, these investments are still subject to risks associated with the markets in which they invest. In addition, pooled investment funds’ success will be related to the skills of their managers and their performance in managing their funds. Pooled investment funds are also subject to risks due to regulatory restrictions applicable to registered investment companies under the Investment Company Act of 1940.

*Equity Market Risks*- Hayden Royal and any Manager(s) will generally invest portions of client assets

directly into equity investments, either stocks or pooled investment funds that invest in the stock market. As noted above, while pooled investments have diversified portfolios that may make them less risky than investments in individual securities, funds that invest in stocks and other equity securities are nevertheless subject to the risks of the stock market. These risks include, without limitation, the risks that stock values will decline due to daily fluctuations in the markets, and that stock values will decline over longer periods (e.g., bear markets) due to general market declines in the stock prices for all companies, regardless of any individual security's prospects.

*Fixed Income Risks* - Hayden Royal and any Manager(s) may invest portions of client assets directly into fixed income instruments, such as bonds and notes, or may invest in pooled investment funds that invest in bonds and notes. While investing in fixed income instruments, either directly or through pooled investment funds, is generally less volatile than investing in stock (equity) markets, fixed income investments nevertheless are subject to risks. These risks include, without limitation, interest rate risks (risks that changes in interest rates will devalue the investments), credit risks (risks of default by borrowers), or maturity risk (risks that bonds or notes will change value from the time of issuance to maturity).

*Foreign Securities Risks*- Hayden Royal and any Manager(s) may invest portions of client assets into pooled investment funds that invest internationally. While foreign investments are important to the diversification of client investment portfolios, they carry risks that may be different from U.S. investments. For example, foreign investments may not be subject to uniform audit, financial reporting or disclosure standards, practices or requirements comparable to those found in the U.S. Foreign investments are also subject to foreign withholding taxes and the risk of adverse changes in investment or exchange control regulations. Finally, foreign investments may involve currency risk, which is the risk that the value of the foreign security will decrease due to changes in the relative value of the U.S. dollar and the security's underlying foreign currency.

#### **Item 9 - Disciplinary Information**

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of Hayden Royal or the integrity of Hayden Royal management. Hayden Royal currently has no disciplinary events to report.

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

Certain of Hayden Royal's advisors are also Registered Representatives of Allen C. Ewing & Co., Chalice Wealth Partners, LLC, American Wealth Management, Inc. and International Assets Advisory, LLC, all SEC registered broker/dealers and members of FINRA and SIPC.

Additionally, certain individuals are separately licensed as insurance agents with Hayden Royal Insurance Services, LLC (“HRIS”). HRIS is registered as an insurance agency engaging in Life, Health, Long Term Care and Variable Insurance business. HRIS is affiliated with the firm through common control. Variable insurance products will be offered through an unaffiliated broker dealer. Non-variable insurance products will be offered through the insurance agency. Certain IARs are separately licensed as insurance agents/brokers for various independent insurance companies as well.

Please refer to your IAR’s individual brochure to identify the companies, if any, they are registered and/or licensed with.

As registered representatives or insurance agents they are entitled to receive commissions or other remuneration on the sale of insurance and other brokerage products. To protect client interests, Hayden Royal’s policy is to disclose all forms of compensation before any such transaction is executed. Clients will not pay both a commission to these individuals and pay an advisory fee to Hayden Royal on the same pool of assets. These fees are exclusive of each other.

This poses a conflict of interest to the extent that there is a financial incentive to recommend securities and other insurance products that result in commissions, brokerage fees, 12b-1 fees or other payments. Hayden Royal is dedicated to acting in our clients’ best interests based on fiduciary principles. Clients are under no obligation to purchase any recommended brokerage or insurance products.

Hayden Royal is affiliated through common ownership with Maven Capital, LLC an SEC registered investment advisory firm. Hayden Royal IARs may recommend the utilization of Maven Capital, LLC as a third-party money manager. This poses a conflict of interest to the extent that there is a financial incentive to recommend Maven Capital, LLC over another, unaffiliated, third-party manager. Hayden Royal is dedicated to acting in our clients’ best interests based on fiduciary principles and will ensure the appropriate third-party money manager, if any, is utilized for each individual client.

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

Hayden Royal has adopted a Code of Ethics (“the Code”), the full text of which is available to you upon request. Hayden Royal’s Code has several goals. First, the Code is designed to assist Hayden Royal in complying with applicable laws and regulations governing its investment advisory business. Under the Investment Advisors Act of 1940, Hayden Royal owes fiduciary duties to its clients. Pursuant to these fiduciary duties, the Code requires all persons associated with Hayden Royal to act with honesty, good faith and fair dealing in working with clients. In addition, the Code prohibits such associated persons from trading or otherwise acting on insider information.

Next, the Code sets forth guidelines for professional standards for Hayden Royal associated persons. Under the Code’s Professional Standards, Hayden Royal expects its associated persons to put the interests of its clients first, ahead of personal interests. In this regard, Hayden Royal associated persons are not to take inappropriate advantage of their positions in relation to Hayden Royal clients.

Third, the Code sets forth policies and procedures to monitor and review the personal trading activities of associated persons. From time to time Hayden Royal associated persons may invest in the same securities recommended to clients. Under its Code, Hayden Royal has adopted procedures designed to reduce or eliminate conflicts of interest that this could potentially cause. The Code's personal trading policies include procedures for limitations on personal securities transactions of associated persons, reporting and review of such trading and pre-clearance of certain types of personal trading activities. These policies are designed to discourage and prohibit personal trading that would disadvantage clients. The Code also provides for disciplinary action as appropriate for violations.

## **Item 12 - Brokerage Practices**

Hayden Royal may recommend that clients establish brokerage accounts with Raymond James Financial Services ("RJFS"), TD Ameritrade Institutional, a division of TD Ameritrade Inc. ("TD"), or Royal Bank of Canada Advisor Services ("RBC"), as the qualified custodian to maintain custody of client assets. Hayden Royal may also effect trades for client accounts at RJFS, TD, or RBC and in some instances, consistent with Hayden Royal's duty of best execution and specific agreement with each client, elect to execute trades elsewhere. Although Hayden Royal may recommend that clients establish accounts at RJFS, TD, or RBC, it is ultimately the client's decision to custody assets with RJFS, TD, or RBC. Hayden Royal is independently owned and operated and is not affiliated with RJFS, TD, or RBC.

### RJFS

For Hayden Royal client accounts maintained in its custody, Raymond James generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Raymond James or that settle into Raymond James accounts. Raymond James makes products and services available to Hayden Royal that benefit Hayden Royal but may not directly benefit its clients' accounts. Many of these products and services are used to service all or a substantial number of Hayden Royal accounts. Some of these products and services provided by Raymond James includes software and other technology that (i) provides access to client account data (such as trade confirmations and account statements); (ii) facilitates trade execution and allocates aggregated trade orders for multiple client accounts; (iii) provides research, pricing and other market data; (iv) facilitates payment of Hayden Royal fees from its clients' accounts; and (v) assists with back-office functions, recordkeeping and client reporting.

### TD Ameritrade

Hayden Royal participates in TD Ameritrade's institutional customer program and Advisors may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between Hayden Royal's participation in the program and the investment advice it gives to its Clients, although Hayden Royal receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving adviser participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees

deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services. Some of the products and services made available by TD Ameritrade through the program may benefit Hayden Royal but not client accounts. These products or services may assist Hayden Royal in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop Hayden Royal's business enterprise. The benefits received through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. Hayden Royal participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade"), a FINRA/SIPC member. TD Ameritrade, Inc. is an independent and unaffiliated SEC-registered broker-dealer. TD Ameritrade offers to independently registered investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Hayden Royal receives some benefits from TD Ameritrade through its participation in the program. Any research received is used to service all of our client's accounts. Clients may pay commissions or transaction fees that are higher than those obtainable from other brokers in return for those products and services. As part of its fiduciary duties to clients, Hayden Royal endeavors at all times to put the interests of its clients first. Hayden Royal has a duty to obtain best execution for its clients. Clients should be aware, however, that the receipt of economic benefits by Hayden Royal or its related persons creates a potential conflict of interest and may indirectly influence the choice of TD Ameritrade for custodial and brokerage services.

### RBC

For Hayden Royal client accounts maintained in its custody, RBC generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through RBC or that settle into RBC accounts. RBC may make products and services available to Hayden Royal that benefit Hayden Royal but may not directly benefit its clients' accounts, these benefits are commonly called soft-dollar arrangements. Many of these products and services are used to service all or a substantial number of Hayden Royal accounts. Some of these products and services provided by RBC includes software and other technology that (i) provides access to client account data (such as trade confirmations and account statements); (ii) facilitates trade execution and allocates aggregated trade orders for multiple client accounts; (iii) provides pricing, charts and other market data; (iv) facilitates payment of Hayden Royal fees from its clients' accounts; and (v) assists with back office functions, recordkeeping and client reporting. Hayden Royal does not have any commitments or understandings to trade with RBC to generate a specified level of brokerage commission in order to receive the products and/or services referenced above. The products and services may benefit Hayden Royal over the client; however, it is our intent to proportionately provide the benefits provided to all clients as part of our services. Hayden Royal receives a benefit because we do not have to pay for these services. This creates a conflict of interest by giving us an incentive to recommend RBC.



### Financial Disclosures

Hayden Royal strives to maintain the utmost integrity with its clients, avoiding any conflicts of interest. Our clients are free to choose any qualified custodian. Further, Hayden Royal is committed to the best execution of all client transactions and encourages clients to select a custodian or brokerage relationship that best suits their needs. Transition assistance programs may be offered by some of our custodians. These payments, which may be significant, are intended to assist our investment advisor representatives with the costs associated with the transition, such as moving expenses, leasing space, furniture, staff and termination fees associated with moving accounts. These payments may be in the form of loans to the investment representative, which are repayable to, or forgiven by, the applicable custodian over a period of years – usually five years.

The receipt of these payments presents a conflict of interest in that an investment adviser representative has a financial incentive to recommend that a client engage with a certain custodian in order for the loan to be forgiven. However, to the extent that Hayden Royal and its investment adviser representatives recommend that a client establish or maintain an account with a custodian, it is because we believe it is in the client's best interest to do so, based on their goals and objectives, as well as the services offered. Further, clients are reminded that they may purchase investment products recommended by their investment adviser representative from other financial advisors or financial institutions.

### Directed Brokerage

Clients may direct Hayden Royal to use a particular broker for custodial or transaction services on behalf of the client's portfolio. In directed brokerage arrangements, the client is responsible for negotiating the commission rates and other fees to be paid to the broker. Accordingly, a client who directs brokerage should consider whether such designation may result in certain costs or disadvantages to the client, either because the client may pay higher commissions or obtain less favorable execution, or the designation limits the investment options available to the client.

The arrangements that Hayden Royal have with RJFS, RBC, and TD are designed to maximize efficiency and to be cost effective. By directing brokerage arrangements, the client acknowledges that these economies of scale and levels of efficiency are generally compromised when alternative brokers are used. While every effort is made to treat clients fairly over time, the fact that a client chooses to use the brokerage and/or custodial services of these alternative service providers may in fact result in a certain degree of delay in executing trades for their account(s) and otherwise adversely affect management of their account(s). By directing Hayden Royal to use a specific broker or dealer, clients who are subject to ERISA confirm and agree with Hayden Royal that they have the authority to make the direction, that there are no provisions in any client or plan document which are inconsistent with the direction, that the brokerage and other goods and services provided by the broker or dealer through the brokerage transactions are provided solely to and for the benefit of the client's plan, plan participants and their beneficiaries, that the amount paid for the brokerage and other services have been determined by the client and the plan to be reasonable, that any expenses paid by the broker on behalf of the plan are expenses that the plan would otherwise be obligated to pay, and that the specific broker or dealer is not a party in interest of the client or the plan as defined under applicable ERISA regulations.

### Best Execution and Benefits of Brokerage Selection

When given discretion to select the brokerage firm that will execute orders in client accounts, Hayden Royal seeks “best execution” for client trades, which is a combination of a number of factors, including, without limitation, quality of execution, services provided and commission rates. Therefore, Hayden Royal may use or recommend the use of brokers who do not charge the lowest available commission in the recognition of research and securities transaction services, or quality of execution. Research services received with transactions may include proprietary or third-party research (or any combination) and may be used in servicing any or all of Hayden Royal’ clients. Therefore, research services received may not be used for the account for which the particular transaction was affected.

### Aggregated Trade Policy

Hayden Royal typically directs trading in individual client accounts as and when trades are appropriate based on the client’s Investment Plan, without regard to activity in other client accounts. However, from time to time, Hayden Royal may aggregate trades together for multiple client accounts, most often when these accounts are being directed to sell or purchase the same securities. If such an aggregated trade is not completely filled, Hayden Royal will allocate shares received (in an aggregated purchase) or sold (in an aggregated sale) across participating accounts on a pro rata or other fair basis.

### **Item 13 - Review of Accounts**

Managed portfolios are reviewed at least annually by your IAR but may be reviewed more often if requested by the client, upon receipt of information material to the management of the portfolio, or at any time such review is deemed necessary or advisable by Hayden Royal. These factors may include but are not limited to, the following: change in general client circumstances (marriage, divorce, retirement); or economic, political or market conditions. The company’s CCO, Sarah Westbrook or designee, will review a sample of accounts in addition to the IAR assigned to the account.

Account custodians are responsible for providing monthly or quarterly account statements which reflect the positions (and current pricing) in each account as well as transactions in each account, including fees paid from an account. Account custodians also provide prompt confirmation of all trading activity, and year-end tax statements, such as 1099 forms. Hayden Royal can provide additional written reports as needed or requested by the client.

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

Neither RJFS, TD or RBC nor any other party is paid to refer clients to Hayden Royal and Hayden Royal does not receive compensation by anyone other than the client for providing investment advice and other advisory services.

### Other Compensation

Certain of Hayden Royal’s employees are also Registered Representatives of Allen C. Ewing & Co., Chalice Wealth Partners, LLC, American Wealth Advisors, Inc. or International Assets Advisory, LLC, all SEC registered broker/dealers and members of FINRA and SIPC. As such, they are entitled to receive

commissions or other remuneration on the sale of insurance and other products. To protect client interests, Hayden Royal's policy is to disclose all forms of compensation before any such transaction is executed. Clients will not pay both a commission to these individuals and pay an advisory fee to Hayden Royal on the same pool of assets. These fees are exclusive of each other.

As a result of these broker/dealer relationships, these firms may have access to certain confidential information (e.g., financial information, investment objectives, transactions, and holdings) about Hayden Royal clients, even if the client does not establish any account through these firms. If you would like a copy their privacy notice, please contact Sarah Westbrook, Hayden Royal's Chief Compliance Officer at the number listed on the cover sheet.

### **Item 15 – Custody**

RJFS, RBC, and TD are the custodian of nearly all client accounts at Hayden Royal. From time to time however, clients may select an alternate broker to hold accounts in custody. In any case, it is the custodian's responsibility to provide clients with confirmations of trading activity, tax forms and at least quarterly account statements. Clients are advised to review this information carefully, and to notify Hayden Royal of any questions or concerns. Clients are also asked to promptly notify Hayden Royal if the custodian fails to provide statements on each account held. From time to time and in accordance with Hayden Royal's agreement with clients, Hayden Royal will provide additional reports. The account balances reflected on these reports should be compared to the balances shown on the brokerage statements to ensure accuracy. At times, there may be small differences due to the timing of dividend reporting, pending trades or other similar issues.

Hayden Royal does have constructive custody of client funds and securities due to the fact that we have the ability to deduct advisory fees from accounts with the client's written permission. In accordance with custody rules, we will ensure that a qualified custodian maintains the account and that clients receive a quarterly account statement from the qualified custodian.

### **Item 16 - Investment Discretion**

Unless specifically requested by the client, Hayden Royal receives discretionary authority in writing from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, such discretion is to be exercised in a manner consistent with the stated investment objectives for each particular client account. Clients must authorize such discretion in the advisory agreement. When selecting securities and determining amounts, Hayden Royal observes the investment policies, limitations and restrictions of the clients for which it advises. Investment guidelines and restrictions must be provided to Hayden Royal in writing.

Hayden Royal advisors may recommend third party investment managers. When acting in a discretionary capacity, the firm has the ability to evaluate managers and switch money managers or reallocate assets among managers without consulting the client. When acting in a non-discretionary capacity, the Advisor will make recommendations, but only the client has the authority to hire or switch money managers or reallocate assets between programs. In all cases, the Advisor will monitor performance of the third-party

investment manager and will make recommendations consistent with the client's investment objectives and risk tolerance.

#### **Item 17 - Voting Client Securities**

As a policy and in accordance with Hayden Royal's client agreement, Hayden Royal does not vote proxies related to securities held in client accounts. The custodian of the account will normally provide proxy materials directly to the client. Clients may contact Hayden Royal with questions relating to proxy procedures and proposals; however, Hayden Royal generally does not research particular proxy proposals.

#### **Item 18 - Financial Information**

Registered Investment Advisors with discretionary authority over client funds and securities or that require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance have an obligation to disclose certain financial conditions to clients. Hayden Royal has no financial condition that is likely to impair our ability to meet contractual commitments to clients and has not been the subject of any bankruptcy proceeding.

#### **Additional Information**

##### **Privacy Policy**

The Firm collects non-public personal information about clients from information received on applications or other forms and information about client transactions with Firm affiliates, others, or the Firm itself. HR does not disclose any nonpublic personal information about current or former clients to anyone, except as permitted by law or in order to provide the current services. Firm employees have limited access to client personal information based on their responsibilities to provide products or services to clients. The Firm maintains physical, electronic and procedural safeguards in compliance with federal standards to protect client information. If the IAR servicing a client account leaves HR to join another firm, the IAR is permitted to retain copies of client information so that he/she can assist with the transfer of the client account and continue to serve the client at their new firm.

##### **"Opting-out" of Third-Party Disclosures**

If a client does not want an IAR to retain copies of client sensitive information when he/she leaves HR to join another firm, the client may contact the HR Compliance Department by calling 704-919-0439.

##### **Business Continuity Plan**

HR has developed a Business Continuity Plan to address how we will respond to events that significantly disrupt our business. Since the timing and impact of disasters and disruptions are unpredictable, we will be flexible in responding to actual events as they occur. Within 24 hours after a significant business disruption, we plan to quickly recover and resume business operations and respond by safeguarding our employees and property, making a financial and operational assessment, protecting the Firm's books and records, and allowing our customers to transact business. In short, our business continuity plan is designed to permit our Firm to resume operations as quickly as possible, given the scope and severity of the significant business disruption.

The Firm's business continuity plan addresses: data back-up and recovery; all mission critical systems; financial and operational assessments; alternative communications with customers, employees, and regulators; alternate physical location of employees; critical supplier, contractor, bank and counter-party impact; regulatory reporting; and assuring our customers prompt access to their funds and securities if we are unable to continue our business. The Firm's custodians back up important records in a geographically separate area. While every emergency situation poses unique problems based on external factors, such as time of day and the severity of the disruption, HR has been advised by the custodians that their objective is to restore operations and be able to complete existing transactions and accept new transactions and payments within four hours of the disruptive event. Client orders and requests for funds and securities could be delayed during this period.

### **Contacting Us**

If, after a significant business disruption, a client is unable to contact HR at 704-919-0439, please visit the parent company's website at [www.haydenroyal.com](http://www.haydenroyal.com) to review updated contact information.

### **Varying Disruptions**

Significant business disruptions can vary in their scope, such as only our Firm, a single building housing our Firm, the business district where our Firm is located, the city where we are located, or the whole region. Within each of these areas, the severity of the disruption can also vary from minimal to severe. In a disruption to only our Firm or a building housing our Firm, we will transfer our operations to a local site when needed and expect to recover and resume business within 24 hours. In a disruption affecting our business district, city, or region, we will transfer our operations to a site outside of the affected area and recover and resume business within three (3) days. In either situation, we plan to continue in business, transfer operations to our clearing firm if necessary, and provide you with instructions on how to contact us through our parent company's web site: [www.haydenroyal.com](http://www.haydenroyal.com). If the significant business disruption is so severe that it prevents us from remaining in business, we will assure our client's prompt access to their funds and securities. This information is provided solely to our clients and no further distribution or disclosure is permitted without our prior written consent. No person other than our clients may rely on any statement herein. Our Business Continuity Plan is reviewed and updated regularly and is subject to change. Please visit our parent company's web site at [www.haydenroyal.com](http://www.haydenroyal.com) for the most current copy of this disclosure. You may request an updated copy by writing us at the following address:

Hayden Royal, LLC  
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Charlotte, NC 28209