

**Item 1: Cover Sheet**

**FORM ADV PART 2A  
INFORMATIONAL BROCHURE**



**ROYALE ASSET MANAGEMENT LLC**

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**June 27, 2017**

**This brochure provides information about the qualifications and business practices of Royale Asset Management LLC. If you have any questions about the contents of this brochure, please contact us at 585-737-5381 or via email at [bill@royaleassetmanagement.com](mailto:bill@royaleassetmanagement.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. Our registration does not imply a certain level of skill or training.**

**Additional information about Royale Asset Management LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Item 2:           Statement of Material Changes**

Royale Asset Management LLC is required to disclose any material changes. Since the last ADV update on March 14, 2017, Item 1 has been changed to reflect the firm's new address.

**Item 3: Table of Contents**

**TABLE OF CONTENTS**

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

## INFORMATIONAL BROCHURE

### ROYALE ASSET MANAGEMENT LLC

#### **Item 4: Advisory Business**

Royale Asset Management LLC (“RAM”) has been in business since November, 2015. William Masucci is the firm’s only principal owner. Prior to forming RAM, Mr. Masucci was the CEO/CFO of a large family office in Upstate New York.

RAM provides financial management services to a select group of clients, who are most typically high net worth individuals and family offices, and may also provide referrals and non-investment related consulting services. RAM’s primary objective is handle clients of high net worth, typically with multiple outside money managers, and act as the intermediary between the owner of the wealth and the other managers. Each client receives financial management services from RAM that are specifically tailored to that individual or family. These services are no typical financial planning services whereby goals and objectives are obtained and a plan made to achieve them. Typical RAM clients are instead more concerned with managing the various relationships, including money managers, banks, attorneys, accountants and other professionals needed to ensure their wealth is maintained and ultimately transferred to the intended parties. We are often referred to as a client’s “Gatekeeper”, as our role is overseeing a client’s overall investment strategy and acting as the main contact point and advocate for each client. This allows clients to focus on living their lives, and not worrying about other professionals trying to sell them products. We refer to this as “keeping the wolves at bay”.

The process begins with a review of the totality of a client’s financial circumstances, which include current estate plans, trusts, other assets, and investments. At times, the organizational structure of these circumstances can be very complex, with various trusts and family partnerships created to hold and manage the family’s wealth. RAM’s services include monitoring asset allocation, manager selection, due diligence on money managers, and performance reporting. RAM clients will have available an advisor on all key decisions, whether it be home purchase or a major investment. Our goal is to streamline these organizations and hopefully therefore reducing costs, reviewing tax filings to ensure they are complete and timely, and working with all of the clients other professionals in an effort to provide seamless management of each client’s financial life.

Individuals often come to RAM with an assortment of existing managers, and in many cases, these managers are in RAM’s opinion appropriate choices for the individual’s assets. Where RAM attempts to add value is through the management of these managers: pressing each manager for specific concessions for the RAM client’s benefit, challenging the manager’s thought processes, and finding newer and emerging managers the larger firms may have ignored. As an adviser that is not affiliated with a bank or large institution, RAM has the ability to see the bigger picture in terms of the client’s overall circumstances and portfolio. If RAM believes that a manager, or managers, are not performing their duties, or feels the client’s needs can be met better elsewhere, RAM will encourage clients to make these changes, but will not do so without prior approval from the client. Our clients find all of the information they need in one place, organized in a manner that can be easily understood.

RAM does not typically manage clients’ assets directly, but may do so if RAM believes the client does not need multiple money managers. In these limited circumstances, RAM will manage client assets on either a “discretionary” or “non-discretionary” basis. When RAM is engaged to provide

asset management services on a discretionary basis, we will monitor your accounts to ensure that they are meeting your asset allocation requirements. If any changes are needed to your investments, we will make those changes. These changes may involve, but are not limited to, selling a security or group of investments, keeping proceeds in cash, and hiring or firing outside managers. You may at any time place restrictions on the types of investments we may use on your behalf, or on the allocations to each security type. You will also receive statements at least quarterly from your account custodian. Clients engaging us on a discretionary basis will be asked to execute a Limited Power of Attorney (granting us the discretionary authority over the client accounts) as well as an Investment Management Agreement that outlines the responsibilities of both the client and RAM.

For clients who engage RAM on a non-discretionary basis, while we will continue an ongoing relationship with each client, being involved in various stages of their lives and decisions to be made, we will seek specific approval of changes to client accounts before any changes are made. Clients can always make deposits or withdrawals in their accounts at any time. Clients will be responsible for executing an Investment Management Agreement that outlines the responsibilities of both the client and RAM.

If you request, RAM may recommend the services of other professionals for implementation purposes. You are under no obligation to engage the services of any such recommended professional. You retain absolute discretion over all such implementation decisions and are free to accept or reject any recommendation from RAM. If you engage any professional recommended by RAM, and a dispute arises thereafter relative to such engagement, you agree to seek recourse exclusively from and against the engaged professional.

### **Assets Under Management**

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As of December 31, 2016, RAM had \$54,471,000 in assets under management which were managed across 1 discretionary account.

## **Item 5: Fees and Compensation**

### **A. Fees Charged**

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All individuals will be required to execute an agreement with RAM outlining the services to be performed, as well as the fees for those services. Clients are under no obligation at any time to engage or to continue to engage, RAM for investment services. If you do not receive a copy of this brochure at least 48 hours prior to the execution of an Agreement, you may terminate the agreement within the first five (5) business days without penalty.

Fees for services can be an initial fixed fee/retainer followed by an annual fixed fee, or if specifically requested by the client, a fee based on assets under management. Because the typical RAM client's financial circumstances are so complex due to the higher net worth than the average RIA client, each client's case is truly unique, and therefore a simple fee tier for assets is not appropriate. In many cases, the asset management aspect of RAM's services is actually a smaller part of the work performed, as opposed to the overall strategy management and monitoring services that RAM provides. Other factors determining the fee arrangement and amount include the sense of urgency, the number of potential other professionals involved, whether there are significant complicating factors such as business ownership or heir issues. Generally, however, fixed fees range between \$50,000 and \$150,000, and the range of fees based on the assets under management varies from

0.15% to 1.00%, on an annual basis. However, these fees are guidelines, subject to change according to the complexity of the situation. It is important to note that in many cases, the amount of assets under management is not an appropriate proxy for the amount of work required for a given client.

## **B. Fee Payment**

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### **Fixed Fee**

These fees are generally paid via a deposit of 50% at the inception of the engagement, and the remaining balance upon completion of work. On an ongoing basis, the annual fee will be mutually agreed at the end of the initial engagement, and typically billed quarterly in arrears. Clients can pay the invoice by any means available to them (check, wire, etc.).

### **Assets Under Management**

For clients who specifically request it, fees will be based on the assets under management. The fee is paid either monthly or quarterly, in advance or in arrears, depending on each client's arrangement with RAM. The value used for the fee calculation is the net value of assets managed as of the last market day of the previous quarter. This means that if your annual fee is 0.40%, then each quarter we will multiply the value of the account by 0.40% then divide by 4 to calculate our fee. In calculating the market value of a client's assets, assets allocated to cash or a cash proxy, such as a money market account, will be included in the calculation of assets under management. Once the calculation is made, an invoice will be sent to the client, and clients can pay the invoice by any means available to them (check, wire, etc.).

## **C. Other Fees**

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There are no additional fees payable to RAM. Clients referred to an Investment Manager will pay fees to that Investment Manager. There may or may not be additional fees or expenses to third parties or Investment Managers, depending on the Investment Manager and the agreement between that Investment Manager and their client. Clients should thoroughly and carefully review all materials from any Investment Manager prior to executing or otherwise entering into any agreement with an Investment Manager. Clients may incur other expenses with the implementation of advice provided such as commissions, custodian fees, or mutual fund expenses. None of these fees is payable to RAM.

## **D. Pro-rata Fees**

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Clients are free to terminate engagements at any time. In the event a client terminates an engagement, RAM will issue an invoice to the client for work expended, and return any unearned fees to the client. If the hours expended are greater than the initial retainer, the client shall be responsible for any outstanding amount due. Clients should be advised that a great deal of work occurs in the beginning of the engagement, including document reviews, client interviews, and analysis. This means that if a client terminates later in the process, the majority of a fixed fee may have already been earned.

## **E. Compensation for the Sale of Securities**

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This item is not applicable.

**Item 6: Performance-Based Fees**

RAM will not charge performance based fees.

**Item 7: Types of Clients**

Our practice is limited to high net worth individuals and their families, and family offices. There is no minimum to become a client of RAM.

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

It is important for you to know and remember that all investments carry risks. **Investing in securities involves risk of loss that clients should be prepared to bear.**

RAM's focus is on the management of an individual or family's overall financial conditions. Generally, RAM recommends maintaining existing relationships with the client's managers, and simply seeks to synergize those relationships to work for the client's best interests in the most productive way possible.

As a client's "Gatekeeper", it is RAM's duty to evaluate the work of the current managers and other professionals. That means at times, RAM will find and recommend a new manager for one or more of its clients. These managers are selected for a specific niche of expertise they provide, which is either not available through an existing manager, or whose overall benefit RAM believes will exceed that which a current manager is providing for some portion of a client's investments. For example, many larger managers with whom clients have relationships will have proprietary strategies, but RAM may find a manager whose performance and expense ratio RAM believes is worth including as an additional allocation, or as a replacement for a current manager. Because RAM does not have any "in house" products or niche strategies, RAM believes its ability to independently review these managers is enhanced as compared to firms with larger conflicts of interest in that they recommend their own products for multiple layers of fees.

In selecting managers for recommendation, RAM considers the specific expertise of the manager, the background and prior experience of each portfolio manager, the manager's regulatory history and filings, the experiences of other investors, the overall track record for various investment cycles, the potential opportunity for the asset class, and how the particular manager's anticipated portfolio will fit into the client's overall financial circumstances. Once a manager is included in a client portfolio, RAM monitors that client's performance and business operations with the goal of anticipating manager failures, sub-quality performance, or faulty risk management.

For asset management, because most client assets will be with third party managers some of whom will have pre-existing relationships with the client, the majority of the investments directly managed by RAM will be in stocks, bonds, mutual funds, and ETFs designed for the maximum risk/return profile deemed advisable by RAM. Depending on each client's engagement, other investment in the directly managed accounts, RAM intends to manage the direct assets with the benefit of knowing any other managers in the portfolio, rather than operating blindly, unaware that another manager may be investing in some of the same investments or with a similar correlation profile. It is RAM's goal to manage assets using lower cost investment alternatives, and allocate assets to a combination of active and passive investment management options. For smaller accounts, the allocation strategy

may be of a more simple design, because there are not enough funds in the portfolio to include more asset classes and still have meaningful allocations and appropriate diversification.

Additionally, part of the RAM process includes, where appropriate, involving multiple generations in order to facilitate family financial planning. This can increase the financial education of the later generations and manage expectations. However, potential for conflicts of interest exist with the exchange of intergenerational information. RAM attempts to minimize these conflicts by treating each household as its own fiduciary relationship. Information can only be shared across generations with each household's consent.

### Risk of Loss

There are always risks to investing. **Clients should be aware that all investments carry various types of risk including the potential loss of principal that clients should be prepared to bear.** It is impossible to name all possible types of risks. Among the risks are the following:

- **Political Risks.** Most investments have a global component, even domestic stocks. Political events anywhere in the world may have unforeseen consequences to markets around the world.
- **General Market Risks.** Markets can, as a whole, go up or down on various news releases or for no understandable reason at all. This sometimes means that the price of specific securities could go up or down without real reason, and may take some time to recover any lost value. Adding additional securities does not help to minimize this risk since all securities may be affected by market fluctuations.
- **Currency Risk.** When investing in another country using another currency, the changes in the value of the currency can change the value of your security value in your portfolio.
- **Regulatory Risk.** Changes in laws and regulations from any government can change the value of a given company and its accompanying securities. Certain industries are more susceptible to government regulation. Changes in zoning, tax structure or laws impact the return on these investments.
- **Tax Risks Related to Short Term Trading:** Clients should note that RAM may engage in short-term trading transactions. These transactions may result in short term gains or losses for federal and state tax purposes, which may be taxed at a higher rate than long term strategies. RAM endeavors to invest client assets in a tax efficient manner, but all clients are advised to consult with their tax professionals regarding the transactions in client accounts.
- **Purchasing Power Risk.** Purchasing power risk is the risk that your investment's value will decline as the price of goods rises (inflation). The investment's value itself does not decline, but its relative value does, which is the same thing. Inflation can happen for a variety of complex reasons, including a growing economy and a rising money supply.
- **Business Risk.** This can be thought of as certainty or uncertainty of income. Management comes under business risk. Cyclical companies (like automobile companies) have more business risk because of the less steady income stream. On the other hand, fast food chains tend to have steadier income streams and therefore, less business risk.
- **Financial Risk.** The amount of debt or leverage determines the financial risk of a company.
- **Default Risk.** This risk pertains to the ability of a company to service their debt. Ratings provided by several rating services help to identify those companies with more risk. Obligations of the U.S. government are said to be free of default risk.
- **Margin Risk.** "Margin" is a tool used to maximize returns on a given investment by using securities in a client account as collateral for a loan from the custodian to the client. The proceeds of that loan are then used to buy more securities. In a positive result, the additional securities provide



additional return on the same initial investment. In a negative result, the additional securities provide additional losses. Margin therefore carries a higher degree of risk than investing without margin. Any client account that will use margin will do so in accordance with Regulation T. RAM may utilize margin on a limited basis for clients with higher risk tolerances.

- **Short Sales.** “Short sales” are a way to implement a trade in a security RAM feels is overvalued. In a “long” trade, the investor is hoping the security increases in price. Thus in a long trade, the amount of the investor’s loss (without margin) is the amount paid for the security. In a short sale, the investor is hoping the security decreases in price. However, unlike a long trade where the price of the security can only go from the purchase price to zero, in a short sale, the price of the security can go infinitely upwards. Thus in a short sale, the potential for loss is unlimited and unknown, where the potential for loss in a long trade is limited and knowable. RAM utilizes short sales only when the client’s risk tolerances permit.

- **Risks specific to private placements, sub-advisors and other managers.** If we invest some of your assets with another advisor, including a private placement, there are additional risks. These include risks that the other manager is not as qualified as we believe them to be, that the investments they use are not as liquid as we would normally use in your portfolio, or that their risk management guidelines are more liberal than we would normally employ.

- **Information Risk.** All investment professionals rely on research in order to make conclusions about investment options. This research is always a mix of both internal (proprietary) and external (provided by third parties) data and analyses. Even an adviser who says they rely solely on proprietary research must still collect data from third parties. This data, or outside research is chosen for its perceived reliability, but there is no guarantee that the data or research will be completely accurate. Failure in data accuracy or research will translate to a compromised ability by the adviser to reach satisfactory investment conclusions.

- **Small Companies.** Some investment opportunities in the marketplace involve smaller issuers. These companies may be starting up, or are historically small. While these companies sometimes have potential for outsized returns, they also have the potential for losses because the reasons the company is small are also risks to the company’s future. For example, a company’s management may lack experience, or the company’s capital for growth may be restricted. These small companies also tend to trade less frequently than larger companies, which can add to the risks associated with their securities because the ability to sell them at an appropriate price may be limited as compared to the markets as a whole. Not only do these companies have investment risk, if a client is invested in such small companies and requests immediate or short term liquidity, these securities may require a significant discount to value in order to be sold in a shorter time frame.

- **Concentration Risk.** While RAM selects individual securities, including mutual funds, for client portfolios based on an individualized assessment of each security, this evaluation comes without an overlay of general economic or sector specific issue analysis. This means that a client’s equity portfolio may be concentrated in a specific sector, geography, or sub-sector (among other types of potential concentrations), so that if an unexpected event occurs that affects that specific sector or geography, for example, the client’s equity portfolio may be affected negatively, including significant losses.

- **Transition Risk.** As assets are transitioned from a client’s prior advisers to RAM there may be securities and other investments that do not fit within the asset allocation strategy selected for the client. Accordingly, these investments will need to be sold in order to reposition the portfolio into the asset allocation strategy selected by RAM. However, this transition process may take some time to accomplish. Some investments may not be unwound for a lengthy period of time for a variety of reasons that may include unwarranted low share prices, restrictions on trading, contractual restrictions on liquidity, or market-related liquidity concerns. In some cases, there may be securities or investments that are never able to be sold. The inability to transition a client’s holdings into

recommendations of RAM may adversely affect the client's account values, as RAM's recommendations may not be able to be fully implemented.

- **Restriction Risk.** Clients may at all times place reasonable restrictions on the management of their accounts. However, placing these restrictions may make managing the accounts more difficult, thus lowering the potential for returns.
- **Risks Related to Investment Term & Liquidity.** Securities do not follow a straight line up in value. All securities will have periods of time when the current price of the security is not an accurate measure of its value. If you require us to liquidate your portfolio during one of these periods, you will not realize as much value as you would have had the investment had the opportunity to regain its value. Further, some investments are made with the intention of the investment appreciating over an extended period of time. Liquidating these investments prior to their intended time horizon may result in losses.

## **Item 9:       Disciplinary Information**

William Masucci, the sole principal of RAM, has been involved in certain disciplinary events that may be considered material to a client's evaluation of RAM's business, even though the events took place longer than ten years ago. Subject to a January 22, 1999 Commission Consent Order, William Masucci was barred from association with any broker, dealer, municipal securities dealer, investment company, or investment adviser and from participation in any offering of penny stock. In January of 2006, pursuant to the SEC Administrative Proceeding Release 34-53121, the Commission concluded that it was appropriate to modify the bar against Mr. Masucci by vacating those portions of the original 1999 Order, to the extent that it barred him from association with any investment adviser or investment company.

For all the information regarding Mr. Masucci, we encourage you to independently view his background on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) and FINRA's BrokerCheck website at [www.finra.org/brokercheck](http://www.finra.org/brokercheck). For the IAPD website, select Investment Adviser Search from the left navigation menu, then select the option for Investment Adviser Representative and enter **1267408** in the field labeled "Individual CRD Number".

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

### **A. Broker-dealer**

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Neither the principal of RAM, nor any related persons are registered, or have an application pending to register, as a broker dealer or as an associated person of the foregoing entities.

### **B. Futures Commission Merchant/Commodity Trading Advisor**

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Neither the principal of RAM, nor any related persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

### **C. Relationship with Related Persons**

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This item is not applicable.

#### **D. Recommendations of Other Advisers**

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RAM may at times recommend unrelated, third party investment managers or professionals who have a greater expertise in certain disciplines when appropriate for the client. We do not receive any compensation from the unrelated, third party investment managers or professionals, nor do we charge any additional fee to our clients for the recommendation to selection of third party investment managers or professionals.

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

A. A copy of our Code of Ethics is available upon request. Our Code of Ethics includes discussions of our fiduciary duty to clients, political contributions, gifts and entertainment.

B. Not applicable. RAM does not recommend to clients that they invest in any security in which RAM or any principal thereof has any financial interest.

C. Mr. Masucci may at some point recommend, and choose to invest in a security in his personal account that is already in, or being considered for, a client account. Mr. Masucci will not place personal trades before client trades in the same security. As most clients will be invested through third party managers, this would occur on a limited basis, if at all.

D. Mr. Masucci may at some point choose to invest in a security in his personal account at the same time that security is being traded for or being considered for, a client account. Mr. Masucci will not place personal trades before client trades in the same security at the same time. As most clients will be invested through third party managers, this would occur on a limited basis, if at all.

#### **Item 12: Brokerage Practices**

##### **A. Recommendation of Broker-Dealer**

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RAM does require or encourage clients to place assets with RAM, and therefore does not select and/or recommend broker-dealers to clients.

For assets managed directly by RAM, RAM will allow directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and RAM will not seek better execution services or prices from other broker-dealers or be able to “batch” the client’s transactions for execution through other broker-dealers with orders for other accounts managed by RAM. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

#### **Item 13: Review of Accounts**

All client profiles will be managed on an ongoing basis, with formal reviews with the client on at least an annual basis. However, it is expected that market conditions, changes in a particular client’s account, or changes to a client’s circumstances will trigger a review of accounts.

The annual report in writing provided by RAM is intended to review asset allocation. All clients will receive statements and confirmations of trades directly from their custodians. Additionally, all clients will receive quarterly itemized bills from RAM. Please refer to Item 15 regarding Custody.

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

**A. Economic Benefit Provided by Third Parties for Advice Rendered to Client.**

This item is not applicable, as RAM is not provided any economic benefit by third parties for providing services to clients.

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

RAM does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

**Item 15: Custody**

RAM does not have custody of client funds.

**Item 16: Investment Discretion**

RAM does not typically manage clients' assets directly, but may do so if RAM believes the client does not need multiple money managers. In these limited circumstances, RAM will manage client assets on either a "discretionary" or "non-discretionary" basis. When RAM is engaged to provide asset management services on a discretionary basis, we will monitor your accounts to ensure that they are meeting your asset allocation requirements. If any changes are needed to your investments, we will make those changes. These changes may involve, but are not limited to, selling a security or group of investments, keeping proceeds in cash, and hiring or firing outside managers. You may at any time place restrictions on the types of investments we may use on your behalf, or on the allocations to each security type. You will also receive statements at least quarterly from your account custodian. Clients engaging us on a discretionary basis will be asked to execute a Limited Power of Attorney (granting us the discretionary authority over the client accounts) as well as an Investment Management Agreement that outlines the responsibilities of both the client and RAM.

For clients who engage RAM on a non-discretionary basis, while we will continue an ongoing relationship with each client, being involved in various stages of their lives and decisions to be made, we will seek specific approval of changes to client accounts before any changes are made. Clients can always make deposits or withdrawals in their accounts at any time. Clients will be responsible for executing an Investment Management Agreement that outlines the responsibilities of both the client and RAM.

**Item 17: Voting Client Securities**

Copies of our Proxy Voting Policies are available upon request.

From time to time, shareholders of stocks, mutual funds, exchange traded funds or other securities may be permitted to vote on various types of corporate actions. Examples of these actions include mergers, tender offers, or board elections. Clients are required to vote proxies related to their investments, or to choose not to vote their proxies. RAM will not accept authority to vote client securities. Clients will receive their proxies directly from the custodian for the client account. Upon a client's request, RAM will give clients advice on how to vote proxies, but it is the responsibility of the client and the outside managers to vote client securities.

**Item 18: Financial Information**

RAM does not require the prepayment of fees more than six (6) months or more in advance and therefore has not provided a balance sheet with this brochure.

There are no material financial circumstances or conditions that would reasonably be expected to impair our ability to meet our contractual obligations to our clients.