

Item 1 – Cover Page

# ROYAL OAK FINANCIAL ADVISORS, LLC

1709 CROOKS ROAD  
ROYAL OAK, MI 48067  
(248) 709-6134

[WWW.ROYALOAKFINANCIALADVISORS.COM](http://WWW.ROYALOAKFINANCIALADVISORS.COM)

FORM ADV PART 2A  
FIRM BROCHURE  
MARCH 18, 2020

This brochure provides information about the qualifications and business practices of Royal Oak Financial Advisors, LLC. If you have any question about the contents of this brochure, please contact us at (248) 709-6134. 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.

Royal Oak Financial Advisors, LLC is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training.

Additional information about Royal Oak Financial Advisors, LLC is available on the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Royal Oak Financial Advisors, LLC. CRD number is 290152.

## Item 2 - Material Changes

We have no material changes to report since our firm's last annual update on March 26, 2019:

## Item 3 – Table of Contents

Item 1 – Cover Page.....	1
Item 1 – Cover Page .....	1
Item 2 - 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 and Side by Side Management .....	6
Item 7 – Types of Clients .....	6
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	7
Item 9 – Disciplinary Information .....	8
Item 10 – Other Financial Industry Activities and Affiliations.....	9
Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	10
Item 12 – Brokerage Practices.....	10
Item 13 – Review of Accounts .....	11
Item 14 – Client Referrals and Other Compensation.....	11
Item 15 – Custody .....	12
Item 16 – Investment Discretion .....	13
Item 17 – Voting Client Securities .....	13
Item 18 – Financial Information .....	13

## Item 4 – Advisory Business

### OWNERSHIP/ADVISORY HISTORY

Royal Oak Financial Advisors, LLC (“We”) was founded in November 2017 by Robert Mulcahy, Paul Erickson and James Westwood. We are a Michigan limited liability Company and registered as an investment adviser in November 2017. We were subsequently registered with the Securities and Exchange Commission in October 2018. Additional information about Mr. Mulcahy, Mr. Erickson and Mr. Westwood can be found under Item 19 along with their attached brochure supplements.

### ADVISORY SERVICES OFFERED

#### INVESTMENT ADVISORY SERVICES

We offer investment advisory services that include creating a written financial plan and managing a client’s portfolio for one fee. When we engage a client, we start our relationship by evaluating his or her financial situation, goals and risk tolerance. Through a series of personal interviews and/or the use of questionnaires we will collect pertinent data, identify goals, objectives, financial problems, and potential solutions. With this information, we tailor the client’s financial plan and advice we give to the client. Our advice may cover any of the following topics: net worth statement; cash flow analysis, tax analysis, insurance analysis; estate planning techniques; 401k review; retirement planning; social security planning; income planning; insurance planning including health and Medicare insurance; or other needs as identified during our meetings with the client. When stated in the financial planning agreement, the client will receive a written financial plan.

Our portfolio management services involve assisting with the ongoing management of a client’s investment accounts. We work with the client to formulate an individualized portfolio based upon the information we gathered during the financial planning process. Once we have this information, we create an individualized portfolio based on a combination of our model portfolios. We regularly monitor the client’s portfolio and adjust it as determined by the stock market and world events.

#### FINANCIAL PLANNING AND RETIREMENT PLAN MONITORING

We also offer clients financial planning and retirement plan monitoring services. With this service, we provide clients will a written financial plan based on their financial situation, goals and risk tolerance. Through a series of personal interviews and/or the use of questionnaires we will collect pertinent data, identify goals, objectives, financial problems, potential solutions, and prepare specific recommendations. Our advice may be provided on financial and cash management, risk management, estate planning, tax issues, retirement planning, educational funding, goal setting, or other needs as identified by us and the client. We provide the client with a written financial plan.

As part of the service, we also monitor the client’s employer sponsored retirement plan (the “Plan”) on an ongoing basis. At the beginning of the relationship, we meet with the client to review the client’s financial situation and investment goals. We also review the Plan’s available investment options and make an asset allocation recommendation to the client. We will monitor

the status of the Plan and recommend a rebalance two times per year. When we recommend a rebalance, we also update the client's written financial as needed.

#### RETIREMENT PLAN CONSULTING

For retirement plan accounts, we provide any of the following ERISA non-fiduciary services: Education Services to Plan Committee; Participant Education Services; Plan Search Support; Review of Fiduciary Liability Insurance Coverage; Monitoring of Qualified Fiduciary; or Participant Advice. Please note that we do not provide ERISA Section 3(21) or 3(38) fiduciary services.

#### TAILORED SERVICES

The goals and objectives for each client are documented before any investing takes place. Clients may impose restrictions on investing in certain securities or types of securities.

#### WRAP PROGRAM

We do not sponsor a wrap program.

#### CLIENT ASSETS MANAGED

As of February 24, 2020, we manage \$144,000,000 in client assets on a discretionary basis.

### Item 5 – Fees and Compensation

For both Portfolio Management and Retirement Plan Consulting, we charge a management fee based on a percentage of assets under management in the client's account. The annual management fee is based on the following schedule:

<b>Account Value</b>	<b>Annual Management Fee</b>
\$0 – \$500,000	2.00%
\$500,001 +	1.00%

Our management fee is billed quarterly, in advance, meaning that we collect the management fee at the beginning of the quarters billing period. The management fee will be based on the custodian report account value as of the last business day of the prior quarter. The management fee is negotiable. Cash balances and investments in money market funds are counted toward the account value and are included in the management fee calculations. The client will be asked to authorize us with the ability to deduct our management fee directly from the account.

Our management fee does not include brokerage commissions, transaction fees, or other related costs and expenses that are normally incurred by the client. Clients may incur certain charges imposed by custodians, brokers, and other third parties such as fees charged by managers, custodial 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. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive, of and in addition to, our fee and we will not receive any portion of these commissions, fees, and costs. For more information about our brokerage practice please see Item 12.A.

A client may terminate any service for any reason within the first five (5) business days after

signing an advisory contract, without any cost or penalty. Thereafter, the advisory contract may be terminated at any time by giving ten (10) days' written notice. To cancel the agreement, the client must notify us in writing at Royal Oak Financial Advisors, LLC, 1709 Crooks Road, Royal Oak, MI 48067. Upon written notice of termination, the client will receive a prorated refund based on the amount of time services were rendered during the termination month. For example, if there were 90 days in a month and the service was cancelled 45 days in to the month, the client will receive a 50% refund. (45 divided by 90 equals 50%) Refunds are paid by depositing the unearned fee back into the client's custodian. In all other cases refunds are paid by check.

#### FINANCIAL PLANNING AND RETIREMENT PLAN MONITORING

For our financial planning and retirement plan monitor services, we charge a monthly fee between \$50 to \$500. The total monthly fee depends on the nature and complexity of each client's individual circumstances and it is agreed to at the time of engagement. The fee is charged at the beginning of each month, in advance. The client will be asked to authorize us with the ability to withdraw the fee directly from an account we manage. Or, the client may choose to be billed by invoice for the service. The invoice may be mailed or emailed as chosen by the client in the advisory contract and due within 15 days of receipt. Finally, the client will have the option to pay by credit card.

A client may terminate this service for any reason within the first five (5) business days after signing an advisory contract, without any cost or penalty. Thereafter, the advisory contract may be terminated at any time by giving ten (10) days' written notice. To cancel the agreement, the client must notify us in writing to Royal Oak Financial Advisors, LLC, 1709 Crooks Road, Royal Oak, MI 48067. Upon written notice of termination, the client will receive a prorated refund of any unearned fees based on the percentage of work completed on the Plan.

#### OTHER SECURITIES COMPENSATION

We have no other securities compensation to report.

### **Item 6 – Performance-Based Fees and Side by Side Management**

We do not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client) or provide side by side management.

### **Item 7 – Types of Clients**

We offer our services to individuals, high net worth individuals, and pension and profit sharing plans. We do not require a minimum account size.

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

#### METHODS OF ANALYSIS AND INVESTMENT STRATEGIES

We use asset allocation as our investment strategy for client portfolios. When deciding on the asset allocation for a client, we take into account the client's risk tolerance, goals, investment objectives and other data gathered during the client meetings. Asset Allocation is an investment strategy that aims to balance risk and reward by apportioning a portfolio's assets

according to an individual's goals, risk tolerance and investment horizon among various asset classes. The risk associated with asset allocation is that each class has different levels of risk and return, so each will behave differently over time. Also, despite being diversified there is no guarantee that an account will grow.

We purchase securities with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year. The risk associated with using a long-term purchase strategy is that it generally assumes the financial markets will go up in the long-term, which may not be the case. There is also the risk that the segment of the market that the client is invested in or perhaps just that client's particular investment will go down over time even if the overall financial markets advance. Purchasing investments long-term may create an opportunity cost - "locking-up" assets that may be better utilized in the short-term in other investments

#### INVESTMENT RISKS

All investment programs have certain risks that are borne by the client and **investing in securities involves risk of loss that clients should be prepared to bear**. The client should feel free to ask questions about risks he or she does not understand. We would be pleased to discuss them.

#### RECOMMENDED SECURITIES

Several types of securities are used in client portfolios including, but not limited to, mutual funds, exchange traded funds, stocks, bonds, and options covered calls. Some of the risk associated with these securities include:

- **Covered Calls Risk:** Covered call writers holds the stock and simultaneously sells call options against his position to try to earn income without taking on additional risk. A covered call strategy has limited maximum loss of the premium received subtracted from the stock purchase price.
- **Credit risk:** This is the risk that an issuer of a bond could suffer an adverse change in financial condition that results in a payment default, security downgrade, or inability to meet a financial obligation.
- **Inflation Risk:** This is the risk that inflation will undermine the performance of an investment and/or the future purchasing power of a client's assets.
- **Interest rate risk:** The chance that bond prices overall will decline because of rising interest rates.
- **International investing risk:** Investing in the securities of non-U.S. companies involves special risks not typically associated with investing in U.S. companies. Foreign securities tend to be more volatile and less liquid than investments in U.S. securities, and may lose value because of adverse political, social or economic developments overseas or due to changes in the exchange rates between foreign currencies and the U.S. dollar. In addition, foreign investments are subject to settlement practices, as well as regulatory and financial reporting standards, that differ from those of the U.S.

- **Manager risk:** The chance that the proportions allocated to the various securities will cause the client's account to underperform relevant to benchmarks or other accounts with a similar investment objective.
- **Stock market risk:** The chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising stock prices and periods of falling stock prices.

## Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. These include the following:

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

We have no information applicable to this item.

- B. An administrative *proceeding* before the SEC, any other federal regulatory agency, any state regulatory agency, or any *foreign financial regulatory authority* in which the *firm or supervised person*
  1. was *found* to have caused an *investment-related* business to lose its authorization to do business; or
  2. was *found* to have been *involved* in a violation of an *investment-related* statute or regulation and was the subject of an *order* by the agency or authority
    - i. denying, suspending, or revoking the authorization of the *supervised person* to act in an *investment-related* business;



- ii. barring or suspending the *supervised person's* association with an *investment-related* business;
- iii. otherwise significantly limiting the *supervised person's investment-related* activities; or
- iv. imposing a civil money penalty of more than \$2,500 on the *supervised person*.

We have no information applicable to this item.

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

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

We have no information applicable to this item.

## Item 10 – Other Financial Industry Activities and Affiliations

### BROKER DEALER AFFILIATION

We are not registered as or have pending applications to become a broker-dealer or representatives of a broker-dealer.

### FUTURES/COMMODITIES FIRM AFFILIATION

We are not affiliated with a futures or commodities broker.

### OTHER INDUSTRY AFFILIATIONS

Our owners or associates are independent insurance agents and they may recommend this service to our clients. This other business activity pays them commissions that are separate from the fees described in Item 5 above. This is a conflict of interest because the commissions give our associates a financial incentive to recommend and sell clients the insurance products. However, we attempt to mitigate any conflicts of interest to the best of their ability through their fiduciary duty and by informing clients that they are never obligated to purchase any recommended insurance products through them.

Paul Erickson and James Westwood are owners and investment adviser representatives of Alpha Asset Advisors, LLC. Through Alpha Asset Advisors, LLC, they may offer other investment advisory services to the firm's clients for a fee. This causes a conflict of interest because the fees are separate from the fees outlined in Item 5, above. Mr. Erickson and Mr. Westwood attempt to mitigate this conflict of interest to the best of their ability by placing the clients interest ahead of their own, through their fiduciary duty and by informing clients that they are never obligated to purchase any recommended advisory services through them.

#### RECOMMENDATION OF THIRD PARTY INVESTMENT ADVISER

We do not recommend the services of third party investment advisers.

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

#### DESCRIPTION

Our Code of Ethics establishes ideals for ethical conduct based upon fundamental principles of openness, integrity, honesty, and trust. We will provide a copy of our Code of Ethics to any client or prospective client upon request.

Our Code of Ethics covers all supervised persons and it describes our high standard of business conduct and fiduciary duty to our clients. The Code of Ethics includes, among other things, provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition on rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures. All supervised persons must acknowledge the terms of the Code of Ethics annually or as amended.

#### MATERIAL INTEREST IN SECURITIES

We do not have a material interest in any securities.

#### INVESTING IN OR RECOMMENDING THE SAME SECURITIES

Our owners do not buy or sell the same securities for their own account that they recommend to or purchase for client accounts. The records of all associates' personal and client trading activities are reviewed and made available to regulators to review on the premises.

### Item 12 – Brokerage Practices

#### RECOMMENDATION CRITERIA

We participate in the institutional advisor program (the "Program") offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services that include custody of securities, trade execution, clearance and settlement of transactions. We receive some benefits from TD Ameritrade through our participation in the Program. Please see Item 14 for additional details about the benefits.

Some of the primary considerations we consider when recommending a custodian and broker are: rates charged by other brokers that provide clearing or custody service for registered investment advisers; reputation and financial strength; breadth and depth of available products, with an important factor being the broker's no-transaction-fee mutual fund universe; accuracy with which transaction are processed; customer service responsiveness; availability of technology solutions interoperable with our systems and suitable for managing multiple accounts; as well as client satisfaction. We periodically evaluate the forgoing factors, and while

we may conclude based on our review that commission rates paid by clients are reasonable, lower commissions may be available from other brokers or in conjunction with retail (non-advisory) accounts, and certain mutual funds that carry a transaction fee may be available on a no-transaction-fee basis from other brokers or directly from the fund company.

#### RESEARCH AND SOFT DOLLARS

“Soft dollars” are defined as a form of payment investment firms can use to pay for goods and services such as news subscriptions or research. When an investment firm gives its business to a particular brokerage firm, the brokerage firm in return can agree to use some of its revenue to pay for these types of services. We do not receive any soft dollars.

#### BROKERAGE FOR CLIENT REFERRALS

We do not receive client referrals or any other incentive from any broker-dealer or custodian.

#### TRADE AGGREGATION

We do not aggregate trades in client accounts.

### **Item 13 – Review of Accounts**

#### PERIODIC REVIEWS

Our owners and associates will review client’s portfolio models on a quarterly basis. They will also attempt to meet with each client annually either in person or by telephone.

For ongoing financial planning and retirement plan monitoring, our owners and associates will conduct an annual review of the client’s written financial plan and retirement plans. If necessary, we will provide rebalance recommendations for retirement plan’s and update the client’s written financial plan.

#### OTHER REVIEWS

Additional reviews are conducted periodically depending on market conditions, economic or political events, or by changes in a client’s financial situation (such as retirement, termination of employment, physical move or inheritance).

#### REPORTS

Clients receive monthly statements from their account’s custodian. We urge clients to carefully review each statement. Ongoing Retirement Planning clients receive a written plan.

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

#### OTHER COMPENSATION

We do not pay nor receive compensation for referrals. However, we participate in TD Ameritrade’s institutional customer program and we may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between our participation in the program and the investment advice we give to our clients, although we receive economic benefits through our 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 our 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 provided to us by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by our related persons. Some of the products and services made available by TD Ameritrade through the program may benefit us but may not benefit its client accounts. These products or services may assist us 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 our business enterprise. The benefits received by us or our personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, our endeavors at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by us or our related persons in and of itself creates a potential conflict of interest and may indirectly influence our choice of TD Ameritrade for custody and brokerage services.

#### CLIENT REFERRALS

We do not pay for client referrals or use solicitors.

### Item 15 – Custody

We do not maintain custody of client assets or accounts. Client assets are maintained by an unaffiliated, qualified custodian, such as a bank, broker/dealer (e.g. TD Ameritrade), mutual fund company or transfer agent. However, the SEC issued a no-action (“Letter”) with respect to the Rule 206(4)-2 (“Custody Rule”) under the Investment Advisers Act of 1940 (“Advisers Act”). The letter provided guidance on the Custody Rule as well as clarified that an adviser who has the power to disburse client funds to a third party under a standing letter of instruction (“SLOA”) is deemed to have custody. As such, our firm has adopted the following safeguards in conjunction with our custodian, TD Ameritrade:

- The client provides an instruction to the qualified custodian, in writing, that includes that client’s signature, the third party’s name, and either the third party’s address or the third party’s account number at a custodian to which the transfer should be directed.
- The client authorizes the investment adviser, in writing, either on the qualified custodian’s form or separately, to direct transfers to the third party either on a specified schedule or from time to time.

- The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization, and provides a transfer of funds notice to the client promptly after each transfer.
- The client has the ability to terminate or change the instruction to the client's qualified custodian.
- The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
- The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
- The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

The client's custodian will also send a monthly statement to the client showing all additions and distributions in the client's account, including the withdrawal of the management fee. We urge clients to carefully review such statements.

## Item 16 – Investment Discretion

We offer discretionary investment management services. To grant us discretionary power over an account, the client must sign the investment management agreement. Our investment management agreement contains a limited power of attorney that allows us to select the security, the amount, and the time of the purchase or sale in the client's account. It also allows us to place each such trade without the client's prior approval. In addition to our investment management agreement, the client's custodian may request the client to sign the custodian's limited power of attorney. This varies with each custodian. We discuss all limited powers of attorney with the client prior to their execution. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the client account, and any other investment policies, limitation or restrictions.

## Item 17 – Voting Client Securities

We do not vote proxy votes for any client. All proxy materials are mailed or emailed directly to the client from the custodian. Any proxy materials received by us will be forwarded to clients for response and voting. In the event the client has a question about a proxy solicitation, the client should feel free to contact us.

## Item 18 – Financial Information

### BALANCE SHEET

We do not require or solicit prepayment of more than \$500 in fees per client, six months or more in advance. Therefore, we are not required to provide a balance sheet.

FINANCIAL CONDITION

We are required in this Item to provide you with certain financial information or disclosures about our financial condition if we have a financial commitment that impairs our ability to service you. We do not have a financial commitment that impairs our ability to service our clients.

BANKRUPTCY

We have not been the subject of a bankruptcy proceeding.