

FORM CRS: CUSTOMER RELATIONSHIP SUMMARY

Introduction

Royal Alliance Associates, Inc. (“Royal Alliance”) is registered with the Securities and Exchange Commission (“SEC”) as both a securities broker-dealer and an investment adviser and is a member of the Financial Industry Regulatory Authority (“FINRA”). Brokerage and investment advisory services and fees differ and it is important for you to understand these differences. Free and simple tools are available to research firms and financial professionals at investor.gov/crs, which also provides educational materials about broker-dealers, investment advisers, and investing.

What investment services and advice can you provide me?

Royal Alliance offers both brokerage and investment advisory services to retail investors.

Brokerage Services

Our brokerage services include, but are not limited to, buying and selling securities, including stocks and bonds, fixed and variable annuities, mutual funds, exchange traded funds, alternative investment products, life insurance, unit investment trusts, 529 plans, and retirement plan consulting services and products.

Depending on the type of transaction, brokerage services can be transacted through a clearing firm custodial platform or directly with an investment sponsor. If brokerage services are transacted through a clearing firm custodial platform, transactions are executed through that platform and assets are custodied there as well. Brokerage services that are conducted directly with an investment sponsor involve transactions between us and the sponsor, with your financial account and the assets inside held directly with the investment sponsor or its designated custodian.

One of our obligations to you when providing brokerage services is that we must act in your best interest and not place our interests ahead of yours when we recommend an investment or an investment strategy involving securities. Additionally, when we provide any service to you, we must treat you fairly and comply with a number of specific obligations. However, our interests can conflict with your interests. When we provide recommendations, we must eliminate, mitigate or inform you of these conflicts, depending on the nature of the conflict.

When you use us for brokerage services, you will pay a transaction-based fee, generally referred to as a commission, every time you buy or sell an investment. You may select investments or we may recommend investments for your account, but the ultimate investment decisions are yours.

We are not required to monitor your portfolio or investments on an ongoing basis. We may voluntarily, and without any agreement with you, review the holdings in your account for the purposes of determining whether to provide you with a recommendation. This voluntary review is not considered to be “account monitoring,” and does not create an implied agreement with you to monitor the account.

Depending on your preference, you will receive account statements in electronic or paper form. The frequency in which you receive statements and the party responsible for delivering statements depends on the investments selected.

Our brokerage services may have account/ investment minimums, which are further detailed in the Royal Alliance Broker-Dealer Firm Brochure (“BD Firm Brochure”) at royalalliance.com/firm-brochure.

Our brokerage services cover a specific selection of investments, and other firms could provide a different range of investment choices, some of which might have different costs.

Advisory Services

Our advisory services include, but are not limited to, discretionary and non-discretionary investment advisory services (including investment portfolio monitoring, financial counseling, review of accounts, and securities research), “wrap fee” programs (an account where no separate transaction charges apply and a single fee is paid for advisory services and trading costs), third-party advisory services, retirement plan consulting services and products, consulting services, and financial planning.

Additionally, some of our advisory services are sponsored by VISION2020 Wealth Management Corp. (“VISION2020”), our registered investment adviser affiliate. VISION2020 sponsors accounts on the Wealth Management Platform (“WMP”), an investment management program that provides you with access to multiple investment managers who provide investment advice to your portfolio consisting of individual stocks, bonds, exchange traded and mutual funds. To join WMP, you will enter into an investment advisory client agreement with VISION2020, Royal Alliance and your financial professional. VISION2020 has a master agreement with Envestnet Asset Management, which in turn has a separate agreement with

each of the investment managers on the WMP. Certain investment managers available on the WMP that provide asset allocation services in mutual funds and exchange traded funds, have agreements directly with us.

When providing advisory services, we are held to a fiduciary standard that covers our investment advisory relationship with you. As fiduciaries, investment advisers are required to act in the best interest of their clients and not place their own interests ahead of their clients. However, at times our interests can conflict with your interests. When we provide recommendations, we must eliminate, mitigate or inform you of these conflicts, depending on the nature of the conflict.

When you use us for advisory services, you will pay an ongoing asset-based fee for our services. As part of these services, we will offer you advice on a regular basis, discuss your investment and overall financial goals, design a strategy to help achieve those goals, and regularly monitor your account, meeting with you at least annually. When you use us for financial planning or consulting services, the fees will be agreed upon between you and your financial professional.

There are different types of advisory accounts you can choose. You can select an advisory account that allows us to buy and sell investments in your account without asking you in advance (a “discretionary account”), or we may give you advice and you decide what investments to buy and sell (a “non-discretionary account”).

For our discretionary services, you give your financial professional or an investment manager the authority to buy and sell securities, either absolutely or subject to certain restrictions. This authority varies according to the advisory program, and there is a prohibition against exercising discretion in client accounts unless granted written authority to enter orders on your behalf. For these discretionary services, investment monitoring is offered as part of our standard services and is provided at least annually.

For our nondiscretionary services, you make the ultimate decision regarding the purchase and/or sale of investments. For these nondiscretionary services, investment monitoring is offered as part of our standard services and is provided at least annually. Investment advice may be provided regarding asset allocation, investment portfolio construction, investment selection, or other services as agreed upon by both parties, and there may be limitations on investment offerings.

The advisory services may also have account/investment minimums, which are further detailed in the applicable WMP Brochure.

Our investment advice only covers investments that are allowed according to the terms of each advisory program, and other firms could provide advice on a wider range of choices, some of which might have lower costs.

For Additional Information

Visit royalalliance.com/disclosures or see Royal Alliance’s BD Firm Brochure, Form ADV, Part 2A brochure (Items 4 and 7 of Part 2A or Items 4 and 5 of Part 2A Appendix 1) and other applicable documents.

Conversation Starters

Ask your financial professional:

- **Given my financial situation, should I choose an investment advisory service? Should I choose a brokerage service? Should I choose both types of services? Why or why not?**
- **How will you choose investments to recommend to me?**
- **What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean?**

What fees will I pay?

Fees and costs affect the value of your account over time. Please ask your financial professional to give you personalized information on the fees and costs that you will pay.

Brokerage Services Fees

For brokerage services, you are charged fees and costs on your transactions through Royal Alliance in the form of:

- **Commissions:** a service charge assessed by us for handling purchases and sales of securities, a portion of which is paid to your financial professional
- **Transaction fees:** a fee we charge per transaction which varies based on the type of transaction, among other factors
- **Ticket charges:** a fee we charge for buying, selling or exchanging a security which varies based on the type of product, size of purchase/sale, among other factors

Because you are charged for each trade in your account, we have an incentive to encourage you to trade often. In addition, you will be assessed fees and costs on your account and investments for a variety of other services we provide, depending on the type of accounts and products you have and where your accounts and investments are held. These include, but are not limited to: custodian fees, account maintenance fees, fees related to mutual funds and variable annuities, and other transactional and product-level fees.

Our fees vary. The amount you pay will depend, for example, on how much you buy or sell, what type of investment you buy or sell, and what kind of account you have with us.

Advisory Services Fees

For most advisory services, you will pay an ongoing recurring fee based on the value of cash and investments in your advisory account. The more assets there are in your advisory account, the more you will pay in fees, and we may therefore have an incentive to encourage you to increase the assets in your account.

The amount paid to Royal Alliance and your financial professional does not vary based on the type of investments we select on your behalf or recommend to you. The asset-based fee reduces the value of your account and will be deducted from your account.

For wrap fee programs, the asset-based fee will include most transaction costs and custody services, and as a result wrap fees are typically higher than non-wrap advisory fees. For non-wrap fee programs, there are asset-based fees for investment advice, but separate transaction fees. Some investments (such as mutual funds and variable annuities) impose additional fees that will reduce the value of your investment over time. For financial planning, the fees will be agreed upon between you and your financial professional.

Some fees vary and are negotiable. The amount you pay will depend, for example, on the services you receive and the amount of assets in your account.

For additional details on how fees are calculated, refer to your investment advisory agreement and the applicable disclosures specific to your advisory account.

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.

For Additional Information

Visit royalalliance.com/disclosures or see Royal Alliance's BD Firm Brochure, Form ADV, Part 2A brochure (Items 5 and 6 of Part 2A or Items 4 and 5 of Part 2A Appendix 1) and other applicable documents.

Conversation Starters

Ask your financial professional:

- Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?

What are your legal obligations to me when providing recommendations as my broker-dealer or when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?

When we provide you with a recommendation as your broker-dealer or act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the recommendations and investment advice we provide you. Here are some examples to help you understand what this means.

As you work with your financial professional to determine the right investments and services to achieve your investment goals, you should understand how we are compensated. This is because various forms of compensation may create potential conflicts of interest, and it is important for you to evaluate potential conflicts of interest in making investment decisions.

Certain sources of compensation may be familiar to you because they are directly associated with your account type or investments. Other forms of compensation, however, may not be as familiar, because they do not directly affect the amount you pay. Below are several examples of ways we make money and the associated conflicts of interest.

- **Revenue sharing** occurs for certain investments where a manager or sponsor of those investments shares with us revenue it earns on those investments. By participating in Royal Alliance's bank deposit sweep program ("**Sweep Program**"), your free credit balances will be transferred into an account at a bank whose deposits are insured by the Federal Deposit Insurance Corporation ("FDIC"), or, for certain accounts, in a money market mutual fund. Each bank or fund will pay us a fee equal to a percentage of the average daily deposit balance, and the fee we receive may differ among banks depending on the interest rate environment and/or any fee reductions made by us. Please see royalalliance.com/disclosures for additional detail on these sources of compensation and the associated conflicts of interest.
- Products or services which provide revenue to us could indirectly provide incentives to financial professionals to recommend such products over similar products or services which do not provide revenue to us.

Additionally, commissions or other compensation related to one financial service provider, product, investment, or service may be higher than commissions or other compensation related to a comparable provider, product, or service. Those higher rates of compensation could provide incentives to us (and our financial professionals) to recommend certain providers, products, or services over those with lower rates of compensation.

It is important to note that while we will take reasonable care in developing and making recommendations to you, securities involve risk, and you may lose money. There is no guarantee that you will meet your investment goals, or that our recommended investment strategy will perform as anticipated. Please consult any available offering documents for any security we recommend for a discussion of risks associated with the product. We can provide those documents to you, or help you to find them.

For Additional Information

Visit royalalliance.com/disclosures or see Royal Alliance's BD Firm Brochure, Form ADV, Part 2A brochure, and other applicable documents.

Conversation Starters

Ask your financial professional:

- **How might your conflicts of interest affect me, and how will you address them?**

How do your financial professionals make money?

Our financial professionals can offer various types of advisory and brokerage programs, platforms and services, and can earn more or less if a certain type of service, program or platform is recommended. They are also compensated in a variety of ways, and the compensation can be based on factors such as: the amount of client assets they service; the time and complexity required to meet a client's needs; the product sold (i.e., differential compensation); product sales commissions; or revenue we earn from the financial professional's advisory services or recommendations.

In their day-to-day businesses, it is not uncommon for our financial professionals to face decisions about whether a particular action or circumstance constitutes a conflict of interest. While many conflicts can be avoided, there are some conflicts that are unavoidable. Since our financial professionals are compensated for the services they provide, this presents an inherent conflict of interest.

Commission-based financial professionals are compensated solely through commissions. In contrast, fee-based financial professionals charge an asset-based or flat fee directly to their clients for their services. This fee can be structured in multiple ways, such as an hourly rate, flat monthly or annual fee, or a percentage of assets under management. Financial professionals that offer both brokerage and advisory services can be compensated as commission-based or fee-based depending on the type of product or service offered.

Our financial professionals may have conflicts of interest beyond those disclosed by us, including the potential to receive loans, expense reimbursement, and incentives for adding assets to our platform, and those financial professionals will disclose, when appropriate, any additional material conflicts of interest no later than the time of a recommendation.

Do you or your financial professionals have legal or disciplinary history?

We have disciplinary events. Visit investor.gov/crs for a free and simple search tool to research us and our financial professionals.

Conversation Starters

Ask your financial professional:

- **As a financial professional, do you have any disciplinary history? For what type of conduct?**

Additional Information

For additional information about our services, please visit investor.gov, BrokerCheck (brokercheck.finra.org), our website (royalalliance.com), and, if applicable, your account agreement. For additional information on advisory services, see our Form ADV brochure on IAPD, on investor.gov, or on our website (royalalliance.com/disclosures), and any brochure supplement your financial professional provides. Additionally, you can request up-to-date information and/or a written copy of Form CRS by calling Royal Alliance at (800) 437-9199.

To report a problem to the SEC, visit investor.gov or call the SEC's toll-free investor assistance line at (800) 732-0330. To report a problem to FINRA, call (301) 590-6500. If you have a problem with your investments, account or financial professional, contact us in writing at Royal Alliance Associates, Inc., 10 Exchange Place, Suite 1410, Jersey City, NJ 07302.

Conversation Starters

Ask your financial professional:

- **Who is my primary contact person? Is he or she a representative of an investment adviser or a broker-dealer? Who can I talk to if I have concerns about how this person is treating me?**

Royal Alliance Associates, Inc.

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SECTION 1: INTRODUCTION

On behalf of Royal Alliance Associates, Inc. (“Royal Alliance” or the “Firm”), we would like to thank you for taking time to learn more about our firm, our people, and our services. While we hope that both the terms used and the subjects included in this brochure (“BD Firm Brochure” or “Brochure”) are familiar to you, in some cases they may not be. To assist you in better understanding the topics discussed in this Brochure, a brief explanation of several terms that are used throughout may be of benefit.

Royal Alliance is a broker-dealer. What that means is that we are a company that is in the business of buying and selling securities—stocks, bonds, mutual funds, and certain other investment products—on behalf of our customers. Individuals who are associated with broker-dealers and serve as representatives for retail customers buying and selling investment products—the personnel whom many people call brokers or registered representatives—are referred to by Royal Alliance as Financial Professionals (“Financial Professional(s)”, “FP” or “FPs”), and that is how they are described in this Brochure. Knowing who we and our Financial Professionals are should make it easier for you to navigate this Brochure, but if you have questions, or would like clarification regarding anything discussed in this Brochure, please ask your FP to assist you.

Regulation Best Interest (“Reg BI”) requires broker-dealers and their Financial Professionals to act in the best interest of a retail customer (“you”), and place your interests ahead of all others when making a recommendation of any securities transaction or investment strategy involving securities, including account recommendations and rollover/transfer of assets. Reg BI also requires that broker-dealers disclose the material facts relating to the scope of the terms of your relationship with your broker-dealer and FP.

The purpose of this Brochure is to foster your understanding of your relationship with Royal Alliance and your FP, and to help you evaluate any recommendations you receive.

When your FP makes a recommendation to you regarding any securities transaction or investment strategy involving securities (including account recommendations and rollover/transfer of assets), your FP should be providing the recommendation in your best interests at that specific time, without placing your FP’s financial or other interest ahead of your interests.

This Brochure is designed to help you obtain the facts needed when deciding the type of account(s), securities or services to help you obtain your investment objectives.

SECTION 2: INVESTMENT PHILOSOPHY

The process by which Royal Alliance and its Financial Professionals develop their investment recommendations to retail customers is of fundamental importance to your understanding of what services are being provided, and whether those services are appropriate to your needs and goals. Royal Alliance’s philosophy is to provide its Financial Professionals with access to a diverse array of investments to support client risk profiles, including, but not limited to, mutual funds, variable insurance products, fixed insurance products, alternative investments, 529 plans, and unit investment trusts (“UIT”) (collectively “Packaged Product” or “Packaged Products”), stocks and bonds. Packaged Products have sponsors (a “Packaged Product Sponsor”) which distribute the Packaged Products and manage the Packaged Product’s underlying investments. We review our Packaged Product Sponsors to ensure the investments they offer are managed by experienced, cost conscious, and financially and organizationally strong companies. An important component of our investment philosophy involves performing due diligence on Packaged Product Sponsors. Our due diligence includes, but is not limited to, the following:

- Financial and organizational strength (years in the business, assets under management, depth of management, any recent or near future major organizational changes);
- Key personnel and their backgrounds, qualifications, experience, track records, tenure, and reliance on specific key employee(s);
- Market research performed in-house and the strength and experience of research staff;
- Investment methodology (for example, with respect to mutual fund sponsors, we review portfolio turnover rates, risk tolerance levels, models used/indicators tracked, how buy/sell decisions are made, as well as the performance of the investments net of fees); and,
- Compliance with securities laws as well as a review of litigation and/or criminal convictions involving the Packaged Product Sponsor, their principals and portfolio managers within the last 10 years.

Your FP will analyze the available investments and account types and provide you an account recommendation based on your investment profile including, but not limited to, your personal investment objectives and goals, time horizon, risk tolerance, financial situation, needs and personal circumstances.

If there are elements of your FP's investment philosophy that are not addressed in this Brochure, your FP will provide you with information detailing your FP's own investment approach.

SECTION 3: FINANCIAL PROFESSIONAL

Your FP is a registered representative of Royal Alliance, a broker-dealer, and is registered through the Financial Industry Regulatory Authority ("FINRA") to sell and service investment products. Your FP is licensed as either a Series 6 or Series 7 Financial Professional.

- Series 6 is a securities license entitling a registered representative of a broker-dealer to sell mutual funds, UITs, 529 savings plans, variable annuities and variable life insurance. For providing this service the registered representative receives compensation in the form of a commission. Holders of the Series 6 license are not permitted to sell corporate or municipal securities, alternative investment programs, life insurance and options.
- Series 7 is a securities license entitling a registered representative of a broker-dealer to sell all types of securities products and investments (i.e., stocks, Exchange Traded Funds ("ETF"), options, bonds and other individual fixed income investments, annuities, mutual funds). For providing this service, the registered representative receives compensation in the form of a commission. Holders of the Series 7 license are not permitted to sell commodities, futures and life insurance.

Since your FP is a registered representative of a broker-dealer, your FP must comply with Regulation Best Interest and will take into consideration all types of accounts that could be offered when making the recommendation of an account that is in your best interest. Account recommendations include recommendations of securities account types generally (e.g., to open an IRA or other brokerage account), as well as recommendations to roll over or transfer assets from one type of account to another (e.g., a workplace retirement plan account to an IRA). In making recommendations to you associated with the services described in this Brochure, your FP is acting in the capacity of a registered representative of a broker-dealer. If this capacity changes at any point during the course of a recommendation, it will be disclosed to you at that time.

In your FP's capacity as a registered representative of a broker-dealer, your FP will not monitor your portfolio or investments on an ongoing basis. However, your FP may voluntarily, and without any agreement with you, review the holdings in your account for the purposes of determining whether to provide you with a recommendation. This voluntary review is not considered to be "account monitoring," and does not create an implied agreement with you to monitor the account.

In addition, your FP could be registered as an investment adviser representative ("IAR") of a registered investment adviser ("RIA") firm. If your FP is registered as an IAR, the FP would also be able to provide advisory services as well as the products and services mentioned above. When a FP is acting in an advisory capacity, you will receive the RIA firm's Form ADV brochure.

Lastly, your FP could be registered as an insurance agent. If your FP is registered as an insurance agent, the FP would be able to sell insurance products as well as the products and services mentioned above. Your FP will explain what products he/she is able to sell, and you can log onto FINRA's [BrokerCheck](#), to review your FP's licenses and financial industry background as well.

Please also refer to [Royal Alliance's Form CRS](#) to learn more about the Firm.

SECTION 4: SERVICES

Your relationship begins with your FP working with you to identify your investment profile (investment goals and objectives, as well as risk tolerance). Your FP will then develop a recommendation or recommendations designed to complement your financial situation, needs and personal circumstances, and the recommendation will be in your best interest.

Depending on your needs and investment objectives, your FP will provide services through a brokerage relationship, investment advisory relationship or both. There are important differences between these relationships as it relates to types of services and accounts, such as the following:

- Brokerage services are when your FP and Royal Alliance (as a broker-dealer) facilitates the execution of investment transactions for a commission, through a brokerage account or through an account held directly at a Packaged Product Sponsor, based on your instructions. Your FP will be licensed as a Series 6 or Series 7 Financial Professional. Additional services your FP offers are investment education, research, financial tools, and personalized guidance such as recommendations. These recommendations, which will be based on your investment goals, objectives, and risk tolerance, are focused on items such as whether to buy, sell or hold a security or securities, what type of an account to open (taxable, qualified), and if you should transfer/rollover assets from another account, such as a retirement plan account. Your FP will not be providing ongoing monitoring of your account(s) portfolio, so it is important for you to review your account(s) regularly and communicate with your FP whenever you have questions, or if your financial situation, needs or personal circumstances change.
- Advisory services are when your FP and Royal Alliance (as an SEC registered investment adviser and as a fiduciary) provides ongoing investment advice and monitoring service of your account(s) for a fee. This service may be on a discretionary basis, which means that your FP can place trades, rebalance your portfolio or make other investment decisions for your account without first discussing with you and obtaining your approval. Other services your FP can provide are financial planning, non-discretionary consultation, and advice on the selection of professional asset managers. To provide these advisory services, your FP is required to obtain a specific license (Series 65 or 66) or obtain an equivalent professional industry designation (depending on the state your FP is in) and be listed as an IAR under Royal Alliance. You can ask your FP or check FINRA's [BrokerCheck](#) to see if your FP is able to provide advisory services.

This Brochure is focused on describing a brokerage service relationship to you. However, when evaluating which type of relationship is best for you, consider the following:

Brokerage vs Advisory Services		
Brokerage Services		Advisory Services
Broker-Dealer	<i>Affiliation</i>	Registered Investment Advisor
Registered Representative "Broker"	<i>Relationship Manager</i>	Investment Advisor Representative "Advisor"
Less frequent, often initiated by client	<i>Contact</i>	As needed, usually initiated by advisor
Commission	<i>Compensation</i>	Fee
Pay when you transact	<i>Payment Timing</i>	Pay a fee, usually based on a percentage of the value of your assets under management
Requires your approval for each transaction	<i>Investment Discretion</i>	Can make discretionary investment decisions for you based upon your prior guidance, goals and risk tolerance

Below are some questions you might want to think about and ask your FP:

- Do you want or need someone to manage your account(s)?
- Or do you want to make all your investment decisions and only receive advice when you ask for it?
- Do you want someone to monitor your account(s) and provide ongoing investment advice?
- Or do you just want someone there if you have a question about your account or an investment?
- Do you have an active investment strategy of wanting to buy/sell when any type of financial or economic situation or opportunity presents itself?
- Or do you have a passive investment strategy of buy-and-hold for a long period of time and not influenced by financial or

economics swings?

- Do you mind paying an ongoing fee for your FP's services?
- Or would you rather pay your FP for each transaction he/she helps you with?

In addition to the questions above, [Royal Alliance's Form CRS](#) contains several "Conversation Starters" that you can use as discussion points with your FP in determining what services are right for you. It is our goal for you to be as informed as possible regarding your investment options, and both Royal Alliance and your FP are available to explain our services in greater detail should you need any further information.

SECTION 5: PLATFORM / PROGRAMS

Royal Alliance offers a number of brokerage account platforms and services through different custodians, with the following key features and characteristics:

1. Pershing & National Financial Services (NFS)

Pershing and NFS act as custodians on behalf of Royal Alliance for your brokerage account(s) (qualified and non-qualified). If you open account(s) at Pershing or NFS, you can deposit funds and buy or sell investments through Royal Alliance at those custodians.

- **Accounts:** Royal Alliance offers different types of accounts based on the owner(s) of the account and if the account receives special tax treatment (Qualified accounts) or not (Non-Qualified or Taxable accounts). There are differing benefits and restrictions based on the account types selected, owners and beneficiaries. Your FP will discuss these with you based on your individual circumstance and needs.
- **Fees:** Fees are dependent on the custodian your account is with, as well as the type of program, account, investments and service relationship you select. The basic fees that you will be charged include, but are not limited to: transaction fees, ticket charges, annual check-writing fee, inactive account fees, account termination fees, account transfer fees, margin/option/reorganization fees, loan fee, investment expenses, FP's commission or FP's advisory fee, and program fee. To get details about the fees, go to each program outlined below.
- **Programs:** Different programs are offered through Pershing and NFS and they vary by the types of accounts, investments and services offered as follows:
 - **DirectChoice Program:** This is Royal Alliance's no-transaction fee mutual fund-only brokerage program. You can set up individual and joint non-qualified and qualified accounts (such as Traditional and Roth IRAs) on the Platform. All purchases are made in 'A' share class funds. Existing A, B and C share classes from participating sponsors may be transferred in. To invest through the DirectChoice Program, you will enter into a client agreement with your FP and establish a DirectChoice brokerage account through Royal Alliance at Pershing or NFS. The fees and restrictions are outlined below.
 - **Fees:**
 - There is no annual maintenance/custodial fee, account minimum fee, account inactivity fee, transaction fees, paper confirm/statement fee or contribution/deposit fee.
 - There is an account termination fee for IRAs and other additional fees related to optional account features and services, including, but not limited to: having a checking account option, Fed Fund wire, delivery of an overnight check, insufficient funds, margin account rates, etc. You can view the dollar amount of these fees at: [DirectChoice Program Fees](#)
 - For details on all the expenses for a specific mutual fund, refer to the prospectus for each mutual fund, which you can find on the mutual fund sponsor's website or obtain from your FP.
 - **Restrictions:**
 - Royal Alliance selected a group of mutual fund sponsors to offer their mutual funds in the program. Here is the current list of [DirectChoice MF sponsors](#).
 - A share class mutual funds of the select group of mutual fund sponsors in the program are offered. To obtain more information about each of the mutual fund sponsors and their A share class mutual funds, refer to the prospectus for each mutual fund, which you can find on the mutual fund sponsor's website or obtain from your FP.

- **Retail Program:** The Retail Program offers you an expansive array of investment options from stocks, exchange-traded products, bonds, UITs, Notes, CDs and mutual funds. You will have access to trade on margin and do options trading. You can set up individual, joint, non-qualified and qualified accounts. To invest through the Retail Program, you will enter into a client agreement with your FP and establish a retail brokerage account with Pershing or NFS as custodian. The fees and restrictions are outlined below.
 - *Fees:*
 - Annual maintenance/custodial fee, account termination fee, account minimum fee, account inactivity fee, transaction fees, paper confirm/statement fee, contribution/deposit fee.
 - There are additional fees related to optional account features and services, including, but not limited to: having a checking account option, Fed Fund wire, delivery of overnight check, insufficient funds, margin account rates, option transaction fee, etc. You can view the dollar amount of these fees by going to one of these disclosure links (talk to your FP about which one is appropriate for you): [Pershing Retail Brokerage Fees](#) / [NFS Retail Brokerage Fees](#).
 - *Restrictions:*
 - Royal Alliance approved, based on due diligence, a select group of mutual fund sponsors to offer their mutual funds. For the list of mutual fund sponsors and to obtain more information about each of the mutual fund sponsors and their share class mutual funds being offered, ask your FP or refer to the prospectus for each mutual fund, which is located on the mutual fund sponsor's website.
 - Subject to limited exceptions, the no-load and institutional share class mutual funds of the select group of mutual fund sponsors are not offered.
 - Your FP cannot recommend a bond that is below investment grade.
 - Your FP can only recommend structured products through the primary market, not the secondary market.
 - Your FP can only recommend ETFs through the secondary market. Also, your FP cannot recommend leveraged, inverse, or volatility-linked ETFs to you.
- **Mutual Fund-Only Retail Program:** This is Royal Alliance's mutual fund-only IRA brokerage program. You can set up qualified accounts (IRAs only) in this Program. To invest through the Mutual Fund-Only Retail Program, you will enter into a client agreement with your FP and establish an IRA brokerage account at Royal Alliance through Pershing or NFS. The fees and restrictions are outlined below.
 - *Fees:*
 - Account termination fee, transaction fees, contribution / deposit fee.
 - There are additional fees related to optional account features and services such as having a checking account option, Fed Fund wire, delivery of overnight check, insufficient funds, margin account rates, etc.
 - To view the dollar amount of these fees, go to one of these disclosure links (talk to your FP about which one is appropriate for you): [Pershing Retail Brokerage Fees](#) / [NFS Retail Brokerage Fees](#).
 - There is no annual maintenance/custodial fee, account minimum fee, paper confirm/statement fee.
 - For details on all the expenses for a specific mutual fund, refer to the prospectus for each mutual fund, which is located on the mutual fund sponsor's website, or obtain from your FP.
 - *Restrictions:*
 - Royal Alliance approved, based on due diligence, a select group of mutual fund sponsors to offer their mutual funds. For the list of mutual fund sponsors and to obtain more information about each of the mutual fund sponsors and their share class mutual funds which are being offered, ask your FP and refer to the prospectus for each mutual fund, which is located on the mutual fund sponsor's website.
 - Subject to limited exceptions, the no-load and institutional share class mutual funds of the select group of mutual fund sponsors are not offered.
- **Personal Retail Program:** This is Royal Alliance's Retail Program limited to Royal Alliance FPs and their immediate family members (spouse and dependents claimed on tax return). This includes corporate and retirement plan accounts where the FP has a beneficial interest. The Personal Retail Program allows this select group of clients to set up a Retail Program Account with the benefit of discounted transaction and other fees, which are stated below. Everything else related to this Personal Retail Program Account will follow the Retail Program outlined above. The fees are outlined on the next page.

— Fees:

- Annual maintenance/custodial fee, account termination fee, account minimum fee, transaction fees, paper confirm / statement fee, contribution / deposit fee.
- There are additional fees related to optional account features and services, including, but not limited to: having a checking account option, Fed Fund wire, delivery of overnight check, insufficient funds, margin account rates, etc. You can view the dollar amount of these fees by going to the following disclosure link: [Pershing Retail Brokerage Fees](#).

- **No Transaction Fee Programs:** These are no commission/ no transaction fee/ no redemption fee traditional brokerage account programs at Pershing and NFS. They allow you to buy, sell, or exchange a select group of mutual funds (no load, institutional, Class A shares at net asset value or “NAV”) and ETFs without paying a commission, transaction fee and redemption fee. You can set up individual, joint, non-qualified and qualified accounts. To invest through a No Transaction Fee Program, you will enter into a client agreement with your FP and establish a Retail Program account on a fully disclosed basis with the Firm. The No Transaction Fee Programs follow the Retail Program outlined above, except for the additional requirements below.

— *Purchase and Sales Requirements:*

- The mutual fund / ETF being purchased is required to be on the approved No Transaction Fee Program list.
- There are certain mutual funds within the No Transaction Fee Programs where a \$10 surcharge fee will be charged to you when you buy and redeem them. For a list of these mutual funds, ask your FP.
- \$500 minimum initial and subsequent mutual fund purchase amount for all types of accounts in the Pershing No Transaction Fee Program, \$0 minimum initial and subsequent mutual fund purchase amount for all types of accounts in the NFS No Transaction Fee Program.
- The purchased mutual fund must be held in the Pershing No Transaction Fee Program for at least two months in order for the redemption fee to be waived.
- The purchase of No Transaction Fee Program ETFs are only allowed in advisory program accounts.
- No minimum initial and subsequent ETF purchase amounts.
- No holding period for an ETF purchase before it can be sold.

2. Direct Sponsor Business

Direct Sponsor Business is where your financial account and the assets inside are held directly with a Packaged Product Sponsor. The investments you can purchase and hold in that account are the investments the specific sponsor offers. The specific sponsor dictates the types of accounts you can set up, the investments you can purchase, the fees associated, etc. Direct Sponsor Business is available for mutual funds, annuities, alternative investments, variable life insurance, 529 Plans and Third-Party Custodial IRA Program. Please see the material provided by the each of the Direct Sponsor Businesses for details on each offering. The [FP Compensation Disclosure](#) provides detail on the compensation your FP will receive in connection with each one of these offerings.

SECTION 6: RISKS

You should carefully consider your risk tolerance, time horizon, and financial objectives before making investment decisions. By investing, you are assuming the possibility of losing money or losing purchasing power (when your money does not grow as fast as the cost of living). Risk can be classified into many different categories, and by knowing the various risk categories you can better manage your own expectations and potentially avoid or reduce certain kinds of risk.

Royal Alliance believes that any investment discussion should include the individual and market risks that you ought to know in order to make informed decisions about your money. Our goal is to supply you with information so that you can make an educated decision regarding your investments. Before you choose to invest with us, we suggest you consider the following steps put forward by the SEC:

- **Draw a personal financial roadmap.** Before you make any investing decision, sit down and take an honest look at your entire financial situation.

- **Evaluate your comfort zone in taking on risk.** All investments involve some degree of risk. If you intend to purchase securities—such as stocks, bonds, or mutual funds—it’s important that you understand before you invest that you could lose some or all your money. Unlike deposits at FDIC-insured banks and NCUA-insured credit unions, the money you invest in securities typically is not federally insured. You could lose your principal, which is the amount you’ve invested. That’s true even if you purchase your investments through a bank.

The reward for taking on risk is the potential for a greater investment return. If you have a financial goal with a long-time horizon, you are likely to make more money by carefully investing in asset categories with greater risk, like stocks or bonds, rather than restricting your investments to assets with less risk, like cash equivalents. On the other hand, investing solely in cash investments may be appropriate for short-term financial goals. The principal concern for individuals investing in cash equivalents is inflation risk, which is the risk that inflation will outpace and erode returns over time.

- **Consider an appropriate mix of investments.** By including asset categories with investment returns that move up and down under different market conditions within a portfolio, an investor can help protect against significant losses. Market conditions that cause one asset category to do well may cause another asset category to have average or poor returns. By investing in more than one asset category, you may reduce the risk that you’ll lose money and your portfolio’s overall investment returns might be more consistent.

In addition, asset allocation is important because it has major impact on whether you will meet your financial goal(s). If you don’t include enough risk in your portfolio, your investments may not earn a large enough return to meet your goal(s). For example, if you are saving for a long-term goal, such as retirement or college, most financial experts agree that you will likely need to include at least some stock or stock mutual funds in your portfolio. Please note that diversification does not assure a gain nor does it protect against a loss of your principal.

- **Be careful if investing heavily in shares of employer’s stock or any individual stock.** One of the most important ways to lessen the risks of investing is to diversify your investments. It’s common sense: don’t put all your eggs in one basket. By picking the right group of investments within an asset category, you may be able to limit your losses and reduce the fluctuations of investment returns without sacrificing too much potential gain.
- **Consider dollar-cost averaging.** Through the investment strategy known as “dollar-cost averaging,” you can protect yourself from the risk of investing all your money at the wrong time by following a consistent pattern of adding new money to your investment over a long period of time. By making regular investments with the same amount of money each time, you will buy more of an investment when its price is low and less of the investment when its price is high. Individuals that typically make a lump-sum contribution to an individual retirement account either at the end of the calendar year or in early April may want to consider “dollar-cost averaging” as an investment strategy, especially in a volatile market.
- **Consider rebalancing your portfolio occasionally.** “Rebalancing” means bringing your portfolio back to your original asset allocation mix. By rebalancing, you’ll ensure that your portfolio does not overemphasize one or more asset categories, and you’ll return your portfolio to a comfortable level of risk.

If you would like additional information, a more in-depth discussion of these and other risk considerations when making an investment decision can be found on the [SEC’s Information for Investors website](#).

1. General Investment Risks

In addition to the personal risk considerations discussed above, Royal Alliance believes it is important for you to understand the risks associated with each recommendation and investment type available. The following is a summary of some of the general risks associated with investing. Please note that this list is not exhaustive, and is provided as an indication of some of the factors that can impact the value of your investments:

Business risk

This is the risk that the strength of the company you are buying a piece of ownership in (a stock, for example) or are loaning money to (a bond, for example) affects your potential returns. Your returns from the stock purchase or bond purchase are influenced by factors like the company going out of business, or going into bankruptcy, or having a viable and strong revenue stream from the products or services it sells that is not over-shadowed by expenses. If a company goes bankrupt and its assets are liquidated, common stockholders are the last in line to share in the proceeds.

Call risk

This is the risk that your bond or other fixed-income investment will be called or purchased back from you when conditions are favorable to the product issuer and unfavorable to you.

Concentration risk

This is the risk of loss because your money is concentrated in one investment or type of investment. When you diversify your investments, you spread the risk over different types of investments, industries and geographic locations.

Credit risk

This is the risk that the government entity or company that issued the investment will run into financial difficulties and won't be able to pay the interest or repay the principal at maturity. Credit risk applies to debt investments such as bonds. You can evaluate credit risk by looking at the credit rating of the bond or the issuer. For example, long-term U.S. government bonds currently have a credit rating of AAA, which indicates the lowest possible credit risk.

Currency risk

This is the risk of losing money because of a movement in the exchange rate. For example, if the U.S. dollar becomes less valuable relative to the Canadian dollar, your U.S. stocks will be worth less in Canadian dollars. This applies when you own foreign investments.

Default risk

This is the risk that a bond or other fixed-income investment issuer is unable to pay the contractual interest or principal on the product in a timely manner or at all.

Financial risk

This is the risk that the companies you invest in will perform poorly, which affect the price of your investment. You can't eliminate financial risk; however, you may be able to minimize the impact through diversification.

Foreign Investment risk

This is the risk of loss when investing in foreign countries. When you buy foreign investments, such as shares of companies in emerging markets, you face risks that do not exist in the United States (for example, the risk of nationalization).

Horizon risk

This is the risk that your investment time horizon may be shortened due to a foreseen or unforeseen event, thus requiring you to sell the investment(s) that you were expecting to hold for a longer term. If you must sell at a time when the markets are down, you may lose money.

Inflation risk

Inflation risk, also called purchasing power risk, is the chance that the cash generated by an investment today won't be worth as much in the future. Changes in purchasing power due to inflation may cause inflation risk. There are investments that help minimize inflation risk.

Interest Rate risk

This is a risk that can affect the value of bonds or other fixed-income investments you may purchase. When interest rates rise, the market value of bonds fall. When interest rates fall, the market value of bonds rise.

Liquidity risk

Liquidity risk arises when an investment can't be bought or sold quickly enough to prevent or minimize a loss. You may be able to minimize this risk by diversifying. A good option is index investing where risk is diversified over the various stocks held in a portfolio tracking a particular index. You can't invest directly in an index.

Manager risk

This is the risk that an actively managed mutual fund, exchange traded fund, or closed-end fund's manager will fail to execute the fund's stated investment strategy.

Market risk

This is the risk that the stock market will decline, decreasing the value of the securities owned. Stock market bubbles and crashes are good examples of heightened market risk. You can't eliminate market risk; however, you may be able to minimize the impact through diversification.

Political and Government risk

This is the risk that the value of your investment will be affected by the introduction of new laws or regulations.

Reinvestment risk

This is the risk of loss from reinvesting principal or income at a lower interest rate.

2. Specific Investment Risks

Royal Alliance and your FP offer various types of investments. The different types of investments we offer and their potential risks are described below.

- **Stock:** A stock, also known as “shares” or “equity,” gives the stock owner a proportionate ownership position in the company that issues the stock. It entitles the stockholder (you) to that proportion of the company’s assets and earnings.
 - Major risks: Business, Concentration, Currency, Financial, Foreign Investment, Inflation, Market, Political and Governmental
- **Bonds:** This is a fixed income investment that represents a loan by you (the investor) to a borrower (typically a company, government/municipality, or governmental agency).
 - Major risks: Business, Call, Credit, Default, Financial, Inflation, Interest Rate, Liquidity, Reinvestment
- **Notes (Including Structured Products):** This is a fixed-income investment where you (the investor) purchase a secured debt (or other assets) and become the lender, after which you receive payments (principal and interest) over a specific period (usually a shorter time period than a bond) from the borrower.
 - *Types:*
 - *Principal Protected Note (PPN):* This is a fixed-income security that guarantees a minimum return equal to the investor’s initial investment (the principal amount), regardless of the performance of the underlying assets.
 - *Non-Principal Protected Note (NPPN):* This is a fixed-income security that does not guarantee a minimum return equal to the investor’s initial investment (the principal amount), because it allows clients to customize the date of return to suit their investment needs. NPPNs can be linked to a variety of underlying investments including indices, single stocks, portfolios of shares, industry sectors, commodities and currencies.
 - Major risks: Call, Credit, Default, Inflation, Interest Rate, Liquidity, Reinvestment
- **Certificate of Deposit (CD):** This is a fixed-income investment where you (the investor) deposits a sum of money for a specified period and you will receive either a specific rate of interest or a rate of interest linked to an index with a capped gain. Certain CDs can be FDIC insured.
 - Major risks: Call, Default, Inflation, Interest Rate, Reinvestment
- **Unit Investment Trust (UIT):** This is where a U.S. financial company buys or holds a group of securities, such as stocks or bonds, and makes them available to investors as redeemable units. UITs have a stated expiration date based on what investments are held in their portfolio; when the portfolio terminates, investors get their share of the UIT’s net assets.
 - Major risks: Business, Credit, Interest Rate, Liquidity, Market, Reinvestment
- **Exchange Traded Fund (ETF) and Exchange Traded Note (ETN):** An ETF is a basket of securities that trades on an exchange (open stock market), just like a stock and it seeks to track an underlying index. ETF share prices fluctuate throughout the trading day as the ETF is bought and sold; this is different from mutual funds that only trade once a day after the market closes. An ETN is a debt instrument that mimics the performance of a basket of securities but does not actually hold them for the benefit of the client. An ETN is an obligation of the issuing company, often an investment bank.
 - Major risks: Concentration, Currency, Foreign Investment, Inflation, Liquidity, Manager, Market, (for ETN: Credit risk)
- **Mutual Fund:** This is a type of investment vehicle consisting of a portfolio of stocks, bonds, or other securities. Mutual funds give small or individual investors easier access to diversified, professionally managed portfolios. Mutual funds are divided into several kinds of categories, representing the kinds of securities they invest in, their investment objectives, and the type of returns they seek. Mutual funds charge annual fees (called expense ratios) and, in many cases, commissions, which can affect their overall returns. Most mutual funds offer you different types of shares, known as “classes.” Each class invests in the same portfolio of securities and has the same investment objectives and policies. But each class has different shareholder services and/or distribution arrangements with different fees and expenses. With an open-end fund, if you want to buy shares, the management company will sell them to you. They will take your money, add it to the portfolio, and create more shares. You always transact shares of an open-end fund with the issuing fund company, never on the secondary market.
 - Major risks: Concentration, Currency, Foreign Investment, Inflation, Manager, Market

- **Annuity:** This is a long-term investment that is issued by an insurance company designed to help protect the annuitant from the risk of outliving the income generated by their deposits into the contract. Because these are long-term vehicles, annuity contracts include contingent deferred sales charges (“CDSCs”) that would result in a forfeiture of a percentage of account value if surrendered prior to their expiration, typically three to 10 years depending on the contract. Annuities have two phases. Phase one of the annuity contract is known as the accumulation phase, where deposits are designed to accumulate on a tax-deferred basis. During the accumulation phase contract holders can choose annuities with any one or, in some cases, a combination of the following accumulation account options:

- **Variable Annuity:** This is a tax-deferred retirement contract that allows you to choose from a selection of investments called subaccounts. These investments are designed to provide contract holders with a diversified investment portfolio in a specified asset class or general investment strategy. Subaccounts are managed by an investment specialist or a team of specialists who make decisions to manage the subaccount based on the stated objective. Each subaccount will have a unique expense ratio based on the services provided by the investment specialist team. For example, a subaccount designed to follow the return of a stock index, such as the S&P 500 will have a lower expense ratio than a subaccount seeking to actively manage a portfolio based on a stated objective.

- Major risks: Business, Credit, Liquidity

- **Investment-only Variable Annuity (IOVA):** This is a type of annuity contract that provides you with a simple way to set aside taxable assets in a tax-deferred entity focused on investments only. Unlike most variable annuities which offer living income stream and death benefits (for a cost), IOVAs only offer investments and the ability to access the assets without penalty as early as age 59 ½.

- Major risks: Business, Liquidity, Market

- **Registered Index Linked Annuity (RILA):** This is a type of annuity contract that calculates account value adjustments based on the performance of a specified market index, such as the S&P 500. The account value will receive protection against market losses typically through a buffer (carrier accepts the first xx% of losses and the account accepts any additional losses in market value) or a floor (the account accepts the first xx% of losses and the carrier accepts any additional losses in market value). This protection is in exchange for limiting gains in account value to a cap (a maximum account value increase of xx%) or a participation rate (account participates in xx% of the market gains). Fees and caps may limit the potential upside. At the end of the sample period, the account value could increase or decrease.

- Major risks: Business, Liquidity, Market

Phase two of the annuity contract is known as the annuitization phase. This option converts your purchase payments (what you contribute) and accumulated growth (if any) into periodic payments that can be paid out under various payment options, including a lifetime option. Annuities can provide clients with additional benefits above and beyond tax deferred growth in the form of living benefits or enhanced death benefits including but not limited to the following.

- *Guaranteed Minimum Withdrawal Benefit (GMWB):* Guarantees clients a stream of lifetime income based on a percentage of the contract’s benefit base. Lifetime GMWB payments are available without having to immediately annuitize the contract.

- *Guaranteed Minimum Accumulation Benefit (GMAB):* Guarantees a certain portion of the investment is returned to the contract owner regardless of the performance of the subaccounts.

- *Guaranteed Minimum Death Benefit (GMDB):* Guarantees an enhanced benefit to the contract owner’s beneficiaries regardless of the account value on the date of death. These benefits can be based on a return of the initial investment, the highest contract value on the contract’s anniversary over a specified period of time or increase at a specified percentage over a period of time.

- **Life Insurance:** This is designed to pay a sum of money at the death of an insured person or group of insured individuals. Life insurance payments are typically income tax free and are designed to replace income lost due to the death of the insured or for multiple estate planning scenarios. Life insurance is categorized as term (viable for a specific period of time) or cash value (can be designed to remain in effect for the insured’s entire life). Cash value life insurance allows contract owners to invest the accumulated cash value in one or a combination of the following options:

- **Variable Life:** This allows you to choose from a selection of investments called subaccounts. These investments are designed to provide contract holders with a diversified investment portfolio in a specified asset class or general investment strategy. Subaccounts are managed by an investment specialist or a team of specialists who make decisions to manage the subaccount based on the stated objective. Each subaccount will have a unique expense ratio based on the services provided by the investment specialist team. For example, a subaccount designed to follow the return of a stock index, such as the S&P 500 will have a lower expense ratio than a subaccount seeking to actively manage a portfolio based on a stated objective.

- Major risks: Business, Liquidity
- **Structured Settlement:** This is an alternative method of settling or converting the funds received from a claim or lawsuit by means of a combination of cash and future periodic payments. Payments are generally funded with a specialized commercial annuity and the payout can be customized for the claimant's situation. A highly rated life insurance company issues the specialized annuity and administers the payments. The ownership and obligation to make the future payments generally lies in the hands of a third-party company known as an Assignee.
 - Major risks: Business, Inflation, Liquidity
- **529 Investment:** A 529 plan is a college savings plan that offers tax and financial aid benefits. 529 plans may also be used to save and invest for K-12 tuition in addition to college costs. The investments in 529 plans can include various mutual funds and ETFs and are offered as a single investment as well as in risk-based or enrollment (or age-based) portfolios.
 - Major risks: Concentration, Currency, Foreign Investment, Horizon, Market
- **1031 Exchange:** An alternative investment, this real estate exchange gets its name from Section 1031 of the U.S. Internal Revenue Code, which allows the seller of an investment property to defer paying capital gains taxes when the investment property is sold and reinvest the proceeds from the sale within certain time limits in a property or properties of a like kind and of equal or greater value.
 - Major risks: Business, Concentration, Credit, Financial, Inflation, Interest Rate, Liquidity, Political and Government
- **Closed-end Fund:** This is a type of investment vehicle where, at fund inception, the investment company raises a set amount of money and issues a specific number of shares. No new shares are created after that point. Investors can buy the fund shares only on the secondary market, from someone else who is selling shares. Like stocks, closed-end fund shares can be traded at any time of the day when the market is open. The shares reflect market values rather than the net asset value of the fund itself.
 - Major risks: Concentration, Currency, Foreign Investment, Inflation, Manager, Market
- **Hedge Fund:** This is an alternative investment that is operated by a manager who invests the money into different assets to achieve the fund's goals. Hedge funds got their name from investors holding both long and short stocks in various funds, to make sure they generated a gain despite market fluctuations (called "hedging").
 - Major risks: Business, Concentration, Currency, Interest Rates, Liquidity, Market
- **Exchange Fund:** This is an alternative investment which is also known as a swap fund. It is an arrangement between a product sponsor and concentrated shareholders of different companies that pools shares and allows you to exchange your large holding of a single stock for units in the entire pool's portfolio.
 - Major risks: Business, Concentration, Liquidity, Market
- **Interval Fund:** This is a type of investment company that periodically offers to repurchase its shares from shareholders. These shares typically do not trade on the secondary market. These shares are subject to periodic repurchase offers by the fund at a price based on net asset value.
 - Major risks: Credit, Liquidity, Market
- **Managed Futures:** This is an alternative investment where a portfolio of futures contracts is actively managed by professionals. Managed futures are often used by funds and institutional investors to provide both portfolio & market diversification.
 - Major risks: Foreign Investment, Horizon, Inflation, Interest Rate, Market
- **Non-Traded REIT:** This is an alternative real estate investment designed to reduce or eliminate tax while paying dividends and/or providing returns on real estate appreciation. A non-traded REIT does not trade on a securities exchange and, is therefore quite illiquid for extended periods of time.
 - Major risks: Business, Concentration, Credit, Financial, Inflation, Interest Rate, Liquidity, Political and Government
- **Non-Traded BDC (Business Development Companies):** This is an alternative investment where a pooled investment vehicle originates or invests in equity or debt of private companies. Like REITs, Business Development Companies are permitted favorable tax treatment if they meet minimum IRS criteria.
 - Major risks: Business, Concentration, Credit, Financial, Inflation, Interest Rate, Liquidity, Political and Government

- **Private Equity Fund:** This is an alternative investment where a general partnership is formed by Private equity firms to raise funds from institutions and wealthy individuals. The partnership then invests these funds through the purchase and sale of various businesses. After raising a specified amount, a fund will close to new investors; eventually each fund is liquidated, selling all the businesses therein within a preset time frame, usually no more than ten years.
 - Major risks: Business, Concentration, Credit, Financial, Inflation, Interest Rate, Liquidity, Market, Political and Government
- **Oil and Gas Drilling:** This is an alternative investment in an oil and gas program where a general partnership is formed to raise funds from institutions and wealthy individuals. An oil and gas program is designed for people to invest directly in oil and gas production and exploration. It is a type of investment that allows the investor to gain the benefits of the cash flow and tax advantages from the investment. In many oil and gas programs, profits and losses can be passed directly to investors, as owners of the entity. Oil and gas investment requires a substantial amount of due diligence and can have varying levels of risk, and significant risk based on the price of the commodity.
 - Major risks: Business, Concentration, Credit, Financial, Inflation, Interest Rate, Liquidity, Political and Government
- **Equipment Leasing:** This is an alternative investment that allows investors to pool their capital with a sponsor, which obtains and leases out equipment. Investors in these programs have the potential to receive regular income (often-tax deferred) during the life of the equipment and, should there be residual value, when the equipment is sold or re-leased.
 - Major risks: Business, Concentration, Financial, Inflation, Interest Rate, Liquidity

When you are deciding whether to invest in a specific investment, make sure you obtain, review and discuss with your FP the documentation related to the investment which outlines the details of the investment (i.e., prospectuses, annual reports and offering memorandums that discuss the structure of the investment, fees/costs, management, portfolio, restrictions, contributions, distributions, risks, etc.) The documentation should be provided by your FP or can be obtained directly from the investment sponsor.

SECTION 7: COMPENSATION AND CONFLICTS OF INTEREST

Royal Alliance—like every financial services company—has conflicts of interest. For example, both Royal Alliance and its Financial Professionals are compensated for the products we sell, and this presents an inherent conflict of interest. As you work with your FP to determine the right investments and services to seek your investment goals, it is important for you to (1) understand how Royal Alliance and your FP are compensated, and (2) have all the material facts related to the scope and terms of Royal Alliance’s and your FP’s relationship with you. The information contained in this section describes conflicts of interest associated with compensation received by Royal Alliance and its Financial Professionals for brokerage services, in addition to some of our other related conflicts of interest, in order to provide you with the material facts related to these conflicts.

Royal Alliance and your FP make money because we are either compensated directly by you, or indirectly from the investments purchased by you. Royal Alliance offers a range of investments and services to our clients, and when you purchase a product for which Royal Alliance is acting as a broker-dealer, you will usually pay a sales commission, which may be (1) paid at the time of purchase, (2) built into the expense of the product purchased, or (3) charged to you when you sell the investment. If we are paid an upfront commission, it means that the greater the dollar value of your transactions, the more we are paid.

As it relates to Packaged Products, Royal Alliance is paid by the Packaged Product Sponsor or its affiliates, with a portion of that payment going to your FP based upon an established compensation formula that is uniform regarding similar products. Sales charges, expenses and commissions paid to Royal Alliance differ with the type of investment and may depend on the amount of money you invest. Royal Alliance may also receive ongoing or continuing compensation, trailing commissions or trails that are intended to compensate Royal Alliance for marketing and services provided to your FP and you. As it relates to stocks and bonds, Royal Alliance is paid a sales commission by you at the time of the purchase (or sale) based on the amount of the purchase (and maturity time for bonds). Your FP receives a portion of the commission.

Your FP and Royal Alliance obtain compensation from investment products you purchase. Please see the [FP Compensation Disclosure](#) to view the maximum commission available for each product type.

- **Royal Alliance Conflicts** (Your FP does not receive any portion of the Revenue Sharing, DirectChoice, Custodian & Cash Sweep Program compensation listed below):
 - **Revenue Sharing Payments:** In addition to sales commissions or asset-based fees, Royal Alliance receives compensation (“revenue sharing payments”) from Packaged Product investment sponsors or their affiliates (“Strategic Partner” or Strategic Partners”). Royal Alliance can be paid up to 30 basis points (0.30%) of your total purchase amount of a Strategic Partners product. So, for example, in the case of a mutual fund, if you invest \$10,000 in a mutual fund, the Firm could be paid up to \$30.

Additionally, some Strategic Partners may make additional monthly or quarterly payments of up to 18 basis points (0.18%) per year, based on the assets you hold in the mutual fund product over a period of time. For example, on a holding of \$10,000, the Firm could receive up to \$18 per year. Alternatively, the Firm may receive compensation from a mutual fund sponsor as: (1) a flat fee regardless of the amount of new sales or assets held in client accounts; or (2) the greater of such flat fee or amount based on assets and/or new sales as referenced above and any ticket charge payments referenced below. These payments are designed to compensate the Firm for ongoing marketing and administration and education of its employees and representatives. You do not make these payments. They are paid by the product sponsors and/or their affiliates out of the assets or earnings of the fund sponsors or their affiliates. There is also additional volume compensation (based on sales) provided to the Firm, by specific investment companies that offer UITs, and it is described in each UIT's prospectus.

- **Direct Choice Revenue Sharing Payments:** Royal Alliance receives additional asset-based compensation from the Strategic Partners for participation in the DirectChoice Program. Royal Alliance can be paid up to an additional 3 basis points (.03%) of assets held in the DirectChoice Program.
- **Custodian Compensation:** Royal Alliance receives compensation from Pershing and NFS to offset its general operating expenses. Compensation received consists of a fixed-dollar amount per account and percentage of net new assets and total assets held in the brokerage accounts. Certain custodian fees may apply to your brokerage accounts. In some instances, the Firm pays a portion of the fee charged. In some limited instances, we apply a markup to these fees. Examples of instances where a markup fee could be applied include federal funds wire fees, and other transaction costs assessed by the custodian.
- **Cash Sweep Program Compensation:** If you elect to be part of Royal Alliance's Sweep Program within the Full-Service Platform, Royal Alliance receives a fee from one or more banks participating in the program (a "Program Bank") equal to a percentage of your deposit balance in your account. For detailed information about the Sweep Program and the fees received, go to one of these disclosure links (talk to your FP about which one is appropriate for you): [Pershing Cash Sweep Program Disclosures](#) or the [NFS Cash Sweep Program Disclosures](#).

For more detail information about any of the Royal Alliance compensation conflicts noted above, please go to the [Royal Alliance Indirect Compensation Disclosures](#).

- **FP Conflicts** (This conflict arises from compensation received by your FP. These forms of compensation are in addition to the commissions received by your FP).
 - **Rollovers/Transfers:** You can rollover/transfer assets from a qualified retirement accounts, such as a 401(k) plan or IRA, to another IRA. There may be an increase in the ongoing cost of the assets in the new account and your FPs compensation could increase as a result. There may also be additional products or services available to you. The Firm has established a special process and requirements to assist you and your FP in evaluating a rollover and whether it is in your best interest.
 - **The Loyalty Award:** Royal Alliance has provided, and potentially will provide, compensation to certain Financial Professionals that have been affiliated with the Firm for over a year and have generated at least \$250,000 in annual revenue to Royal Alliance. For those generating at least \$500,000 in annual revenue to Royal Alliance a loan will be provided with the repayment dependent on the Financial Professional retaining affiliation with the Firm through the end of the loan period. These loans create a conflict of interest for the Financial Professional to retain affiliation with the Firm in order to avoid repayment of the loan.
 - **The Custodial Net New Asset Program:** Royal Alliance will make additional annual payments to Financial Professionals of up to 12 basis points (.12%) on all new assets added to brokerage customer accounts custodied with Pershing and NFS. The Net New Asset Program provides an incentive for your FP to select the Pershing and NFS custodial location for your brokerage accounts because compensation is paid to the Financial Professional rather than a custodial location at an investment sponsor which would not result in additional compensation.
 - **The Equity Ownership Plan:** Certain Financial Professionals who are accredited investors have invested in or been offered the opportunity to invest in AG Artemis Holdings, L.P, the parent entity of Royal Alliance.
 - **Top Producer Opportunities:** Royal Alliance offers additional educational, training and home office support services for our Financial Professionals that meet overall revenue production goals. While these goals are not specific to any type of product or service offered, they provide a financial incentive for Financial Professionals to recommend investment products in general.
 - **Loans:** Royal Alliance provides loans to certain Financial Professionals as an incentive to establish, maintain, or expand their brokerage and advisory relationships with the Firm. The repayments of such loans are typically dependent on the Financial Professional retaining affiliation with Royal Alliance through the end of the loan period. These loans create a conflict of interest for the Financial Professional to retain affiliation with the firm in order to avoid repayment of the loan.
 - **Other Cash and Non-Cash Compensation:** In addition to reimbursement of training and educational meeting costs, Royal Alliance and our Financial Professionals may receive promotional items, meals or entertainment or other non-cash compensation from representatives of mutual fund companies, insurance companies, and alternative investment products,

as permitted by regulatory rules. Additionally, sales of any mutual funds, variable insurance products and alternative investment products, whether or not they are those of Strategic Partners, may qualify our Financial Professionals for additional business support and for attendance at seminars, conferences and entertainment events. Further, some of Royal Alliance management and certain other employees of Royal Alliance may receive a portion of their employment compensation based on sales of products of Strategic Partners and/or certain sponsors of other products. From time to time, non-Strategic Partners may attend the Firm's sponsored meetings for a fee

Royal Alliance maintains policies and procedures to ensure recommendations are in your best interest. The Firm also maintains a supervisory structure to monitor the activities of our Financial Professionals to reduce potential conflicts of interest. You are encouraged to ask the Firm or your FP about any conflict presented. Additionally, for more information about our conflicts, please go to the [Royal Alliance Disclosures page](#).

Please note that not all the conflicts described in this Brochure apply to a particular Royal Alliance Financial Professional or your FP's services. Also note that the products we sell, and the types and amounts of compensation we receive, change over time. You should ask your FP any questions you have about compensation or conflicts of interest. Understanding the conflicts of interest that Royal Alliance and your FP have, and how those conflicts of interest may affect the basis for a particular recommendation, will help you evaluate the potential incentives either we or your FP have in making a recommendation.

SECTION 8: CONCLUSION

We hope this Brochure has helped enhance your understanding of Royal Alliance and your FP as it relates to the material facts relating to the scope and terms of your current/future relationship with us. If you have any questions now or in the future about any of the topics discussed herein, do not hesitate to reach out to us or your FP.

SECTION 9: INDEX

Here is a list of the supplemental disclosure and informational documents which are hyperlinked within this Brochure.

<ul style="list-style-type: none">• Section 3: Financial Professional: FINRA's Broker Check Tool — brokercheck.finra.org/• Section 3: Financial Professional: Royal Alliance's Form CRS — royalalliance.com/crs• Section 4: Services: FINRA's Broker Check Tool — brokercheck.finra.org/• Section 4: Services: Royal Alliance's Form CRS — royalalliance.com/crs• Section 5: Platform/Programs: DirectChoice Program Fees — royalalliance.com/directchoice-fees• Section 5: Platform/Programs: Pershing Retail Brokerage Fees — royalalliance.com/brokerage-fees-pershing• Section 5: Platform/Programs: NFS Retail Brokerage Fees — royalalliance.com/brokerage-fees-nfs• Section 5: Platform/Programs: FP Compensation Disclosure — royalalliance.com/fp-compensation• Section 5: Platform/Programs: Pershing Mutual Fund Only Program Fees — royalalliance.com/brokerage-fees-pershing	<ul style="list-style-type: none">• Section 5: Platform/Programs: NFS Mutual Fund Only Program Fees — royalalliance.com/brokerage-fees-nfs• Section 6: Risks: Financial Navigating in the Current Economy: Ten Things to Consider Before You Make Investing Decisions — sec.gov/investor/pubs/tenthingstoconsider.htm• Section 7: Compensation and Conflicts of Interest: FP Compensation Disclosure — royalalliance.com/fp-compensation• Section 7: Compensation and Conflicts of Interest: Pershing Cash Sweep Program — advisorgroup.com/ag-cash-sweep-pershing• Section 7: Compensation and Conflicts of Interest: NFS Cash Sweep Program — advisorgroup.com/ag-cash-sweep-nfs• Section 7: Compensation and Conflicts of Interest: Indirect Compensation — royalalliance.com/disclosures-indirect-compensation• Section 7: Compensation and Conflicts of Interest: Royal Alliance's Disclosures — royalalliance.com/disclosures
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