

## Desert Rose Capital Management, Inc.

**Introduction:** Desert Rose Capital Management, Inc. ("DRCM") is registered with the U.S. Securities and Exchange Commission (SEC) as an investment adviser. 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?** We offer portfolio management and investment advisory services to retail investors. We Primarily utilize exchange traded options in conjunction with income-producing assets designed to produce lower overall portfolio risk while participating in potential market appreciation. We manage investment accounts on a discretionary basis and, in some instances, also on a non-discretionary basis. A discretionary account allows us to buy and sell account investments without asking for your approval in advance. Certain accounts have a minimum account size or investment amount that may vary on a case-by-case basis. As part of our portfolio management services, we will continuously monitor and manage your portfolio per the stated investment guidelines.

**For additional information,** please see our Form ADV Part 2A, Items 4, 7, 13 and 16. **Conversation Starters.** Ask your financial professional:

- **Given my financial situation, should I choose an investment advisory service? 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?** We are compensated based on fees calculated as a percentage of assets under management.

Effective February 2023, new clients in the separately managed accounts will be subject to the new fee schedule as shown below. Account minimums are \$50,000.00 subject to a waiver of the minimum at our discretion. Unless otherwise agreed upon in advance, annual fees charged for assets under management are as follows:

- When acting as the sub-advisor for another Registered Investment Advisor: 0.85% for accounts under \$5,000,000, 0.75% for accounts valued between \$5,000,001 to \$10,000,000, and 0.65% for accounts exceeding \$10,000,000.
- When acting as primary investment advisor: 1.75% for accounts under \$500,000, 1.50% for accounts valued between \$500,001 to \$1,000,000, 1.25% for accounts valued between \$1,000,001 to \$5,000,000, 1.00% for account exceeding \$5,000,000. In order for us to act as primary investment advisor, you must be solicited by us directly or referred from or solicited by another financial professional that coordinates their services with us.
- When acting as primary investment advisor for clients that have been brought to us under a solicitor's agreement, we charge an annual fee of 0.85% plus solicitor's fees.
- DRCM charges 0.75% annual fee for premium reserve accounts.

Legacy clients may be serviced on a previous fee scheduling differing from that enumerated above.

The services rendered to each separately managed account are pursuant to a written management contract generally terminable by either party on prior written notice. Fees are negotiable and may differ from the above range. Accounts managed with the same investment objective may not have the same fee structure. DRCM's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses that may be incurred by a client. Clients may incur charges imposed by custodians, brokers, and other third parties, as well as sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes imposed on brokerage accounts and securities transactions. Any other funds in which DRCM may invest on behalf of clients also charge their own management fees that are disclosed in the respective fund's prospectus or offering document. Such other charges, fees, taxes, costs, and commissions are exclusive of, and in addition to, our management fee, and DRCM may receive a portion of these other charges, fees, taxes, costs, and commissions if the fund is also managed by DRCM. Clients should consult the funds'

## Desert Rose Capital Management, Inc.

prospectuses or offering documents for a complete description of all fees and expenses. DRCM does not charge performance-based fees.

**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*, please see our Form ADV Part 2A brochure Items 5 and 6.

**Conversation Starters** 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 acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have? As your investment adviser, we must act in your best interest. However, our revenue model introduces conflicts of interest that could affect our recommendations. It's important for you to understand and ask about these conflicts. Here are some examples to help you understand what this means.** Proprietary Products: The owner of DRCM is also the owner of The Stafford Corporation, which sells insurance for commissions, creating a potential conflict of interest when referring clients to this affiliated company. DRCM offers the Cash Value Fund (CVF), which invests in an affiliated company, Cash Value Lending Corporation (CLVC), potentially influencing our recommendations. These factors could impact our advice, so it's important for you to be aware of them. ***For additional information***, see our Form ADV Part 2A.

**Conversation Starter.** 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 are primarily compensated with a fixed annual salary. Additional compensation may be based on the amount of client assets they bring in. To the extent permitted by applicable law, the compensation of certain DRCM personnel whose job responsibilities are related primarily to marketing, sales, or business development may be determined based in part on the amount of fees generated by their efforts. Accordingly, DRCM personnel may have a conflict of interest in recommending products where DRCM personnel receive compensation over other products where no compensation may be paid. Certain DRCM personnel are licensed insurance agents with affiliated entities and engage in insurance and client service activities on behalf of certain products. For their outside activities, the personnel may receive compensation related to the net inflows into such affiliated entities.

**Do your financial professionals have a legal or disciplinary history?** Yes. Visit [Investor.gov/CRS](https://www.investor.gov/crs) for a free and simple search tool to research us and our financial professionals.

**Conversation Starter.** 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 or to request a copy of Form CRS, please contact us at:* 2929 W. Navigator Drive, Suite 300, Meridian, ID 83642, Tel.: 208-297-2710, [www.DesertRoseCapital.com](https://www.DesertRoseCapital.com)

**Conversation Starter.** Ask your financial professional:

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

**Desert Rose Capital Management, Inc.**

**Exhibit A – Material Changes to Client Relationship Summary**

March 25, 2025: We have amended our fees to reflect current practices.

---