

**Royal American Financial Advisors, LLC
A Registered Investment Advisor**

27192 Newport Rd., Suite 4
Menifee, CA 92584

(951) 679-2065 Office

(951) 679-2660 Fax

www.myinvestmentcoach.com

1/28/2012

**FORM ADV PART 2A
BROCHURE**

This brochure provides information about the qualifications and business practices of Royal American Financial Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at (951) 679-2065. 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.

Additional information about Royal American Financial Advisors, LLC is also available on the SEC's website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for Royal American Financial Advisors, LLC is 111192 .

Royal American Financial Advisors, LLC is a Registered Investment Advisor. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

SUMMARY OF MATERIAL CHANGES

Royal American Financial Advisors, LLC's Brochure has been updated with the following material changes that have occurred since the last annual update of our Brochure on 02/19/2011.

This section is only for material changes since the last update.

Please see the full ADV Part 2A for complete details.

This is the annual updating amendment for year 2012.

Summary of Material Changes:

Page 4, Section E: Assets Under Management updated for year ending 12/31/11.

No other material changes.

Table of Contents

<i>Advisory Business</i>	1
<i>Fees and Compensation</i>	5
<i>Performance-Based Fees and Side-By-Side Management</i>	7
<i>Types of Clients</i>	7
<i>Methods of Analysis, Investment Strategies and Risk of Loss</i>	7
<i>Disciplinary Information</i>	12
<i>Other Financial Industry Activities and Affiliations</i>	12
<i>Code of Ethics, Participation or Interest in Client Transactions and Personal Trading</i>	13
<i>Brokerage Practices</i>	14
<i>Review of Accounts</i>	16
<i>Client Referrals and Other Compensation</i>	17
<i>Custody</i>	19
<i>Investment Discretion</i>	19
<i>Voting Client Securities</i>	19
<i>Financial Information</i>	20
<i>Requirements for State-Registered Advisers</i>	21
<i>Additional Information</i>	22

Advisory Business

Form ADV Part 2A, Item 4

A. Royal American Financial Advisors, LLC (the Advisor) is a fee only Registered Investment Advisor. Royal American Financial Advisors, LLC was founded in 1999. The two principal owners of the firm are John Berger and Scott Buchanan.

B. Royal American Financial Advisors, LLC provides Investment Supervisory Services through clearing arrangements with discount or full service broker/dealers and/or trust companies to hold and value account owner's securities, and/or through various insurance companies that allow for the management and valuation of account owner's variable annuity accounts. Royal American Financial Advisors, LLC will not act as a custodian for any account and utilizes custodian services of companies such as TD Ameritrade, Charles Schwab, or directly at mutual fund companies, for the custody of all account owner's funds and securities.

Royal American's investment advice will be mostly limited to investment allocation services, primarily in mutual funds and/or exchange traded funds. Royal American does not believe stock picking or market timing can reliably enhance long term returns (and may even be detrimental), because these activities require a forecast of the future. These activities increase risk and add unknown and unnecessary risks. Royal American will not provide stock picking or market timing, or other similar services. Royal American does not believe anyone can reliably predict or forecast the future over the long term, and that investors and advisors that engage in these activities, increase risk and reduce potential long term returns.

Client Education and Investor Coaching

Royal American believes that investor education and coaching is critical to lifetime investment success. We believe that investment education and investor coaching is the best defense to imprudent investing and costly investor behavior issues. Royal American provides clients consistent and ongoing education and investor coaching with educational videos on our website, www.myinvestmentcoach.com, and with investor educational classes online or at our conference center in Menifee, CA, or other outside locations from time to time. Royal American believes that imprudent investor behavior is one of the biggest costs investors face during a lifetime of investing. We will provide ongoing educational and investor coaching services in groups and online as part of our advisory services to help investors avoid the potential for costly investor behavior.

Consultations

Royal American Financial Advisors, LLC is available for independent investment or financial consultations to the general public. Fees for a financial consultation are charged at \$250.00 per hour. Fees are negotiable and initial consultations are usually done at no cost. The amount of time needed for the consultation will be estimated in writing, in advance.

Consultations are available for:

- **Independent third party investment advice:** Investment analysis of your advisor's or broker's investment recommendations analyzed by a third party before investing. We will help you determine the advantages, disadvantages, costs, and risks of any particular investment you have been offered.
- **Independent third party financial advice:** If you are confused about what has been recommended to you by an advisor, broker, or planner, we can analyze your recommendations and give you an unbiased opinion of the advantages and disadvantages of the recommendations to help you make an informed decision. We will show you what to look for and the important questions to ask your advisor.

Portfolio Selection

Prior to selecting a portfolio allocation, the Advisor will help the client determine the most suitable portfolio(s) and/or make specific recommendations by obtaining the appropriate financial and personal information from the investor. This may include (but not limited to) things like investment time horizon, investment experience, title and ownership of assets, net worth, risk tolerance, insurance situation, tax considerations, current income, current assets, current debt, financial needs, as well as any reasonable restrictions that the client wishes to impose upon the management of the portfolios. **Note: All of the items above may not be necessary to determine the proper portfolio allocation for the client.**

The Advisor helps the client determine the proper portfolio with information provided by the client at the time of the initial portfolio selection. **Thereafter, it remains the client's responsibility to advise the Advisor and/or Royal American of any changes in the client's financial situation or objectives that may impact the need to change the investment strategy, such as the need to reduce risk.**

Communications and Reporting

Royal American is responsible for frequent and open communications with the client on all significant matters pertaining to investments including: (1) any major changes in investment strategy and portfolio structure, and (2) fee reports on a calendar quarter basis.

Platinum Plus Investment Advisory Services:

Royal American offers flat fee advisory services for high net worth individuals with investable assets of \$1,000,000 and up. We will limit the availability of the Platinum Plus program to 40 clients.

Any account, or portion of client's investable assets, may be discretionary or non-discretionary as determined by the client at the time the advisory agreement is made. The advisory agreement may be amended in writing with both parties signing a new agreement with changes made. The client may place reasonable restrictions in writing on the discretionary portion of the Platinum Plus Investment Advisory Services.

Benefits of the Platinum Plus Advisory Service may include:

- Reduced fees due to flat fee structure.
- Reduced potential conflicts of interest due to flat fee structure.
- Monitoring of client's other advisors (behind the scenes or in the open) to help the client ask important questions and make important decisions regarding third party advisor recommendations.
- Screening of investment opportunities often pitched to high net worth individuals for advantages and disadvantages.
- Ability of the Advisor to offer unbiased investment advice because decisions by the client will not (in most cases) effect our compensation.

Armored Portfolio Discretionary Advisory Accounts:

Royal American will manage different model portfolios on a discretionary basis. The client's assets will be held at TD Ameritrade. The models may consist of mutual funds, exchange traded funds, and/or closed end funds only. Each client has the ability to impose reasonable restrictions on the management of the account. There is no pooling of client's assets. Each client will have a separate account at the custodian. Each client is given a copy of Royal American Financial Advisors, LLC Form ADV Part 2A, Part 2B and Part 2A, Appendix 1. Details regarding the management of the Armored Portfolio discretionary accounts can be found in the ADV Part 2A Appendix 1, which is provided to each client considering investing in the allocations. Current holdings and allocations are subject to change at any time, without notice.

C. The Advisor helps each client determine the appropriate portfolio for their risk category by helping the client to evaluate their time horizons, investment objectives, and by showing the historical volatility measurements (standard deviation) of the various model portfolios. See page 2, portfolio selection for additional details.

Unsupervised Assets

Clients may hold certain securities in their brokerage accounts in which Royal American does not provide investment advisory services ("Unsupervised Assets"). Royal American will request that any such client confirm in writing the identity of any Unsupervised Assets in advance, in the advisory agreement. Royal American does not provide investment advisory services of any kind with regard to Unsupervised Assets and no investment advisory fee will be charged on such assets. Royal American will have no duty, responsibility or liability with respect to the Unsupervised Assets and will not take the Unsupervised Assets into consideration when managing the portion of the account for which it provides investment advice. Unsupervised Assets will be locked from trading until client instructs Royal American to sell the Unsupervised Assets and rebalance into the supervised allocation.

D. Third Party Money Managers:

Royal American Financial Advisors, LLC will recommend different model portfolios managed by Royal

American (Armored World and Armored Conservative) and/or other third party money managers deemed suitable for our clients. There may be additional fees to third party advisors, over and above the fees to Royal American, and will be disclosed to the prospective client prior to investing in any third party program.

Currently, the only third party money manager used for asset allocation services is Matson Money, Inc. Royal American does not receive any additional advisory fees for recommending portfolios through Matson Money, Inc. If, Royal American recommends a model portfolio through Matson Money, Inc., then Royal American will provide the disclosure Form ADV Part 2 for Matson Money, Inc. to the client. **You may call our offices at (951) 679-2065 for a copy of the Matson Money, Inc. ADV Part 2 and Free Market Funds Prospectus.**

Royal American uses the mutual fund platform through Matson Money, Inc., so there are no additional advisory fees to Matson Money, Inc. The mutual fund expense ratio includes the Matson Money, Inc. advisory fee.

Royal American earns the same 1% advisory fee whether a client's account is managed directly by Royal American in one of the Armored Portfolios, or through one of the portfolios managed through Matson Money, Inc. There is no financial incentive to recommend one portfolio over another.

The portfolios managed by Royal American and Matson Money, Inc., are managed similarly in that they provide diversification in many asset classes (both domestic and international), use a rebalancing strategy, do not use market timing, and do not make asset allocation decisions based upon the conditions of the economy or the markets. We believe it is impossible to reliably forecast and predict the future. Therefore, we use rebalancing strategies to keep the client's portfolio risk in line, and to eliminate the need to try to predict the future by attempting to get in and out of the markets at the right time.

The portfolios managed by Royal American and Matson Money, Inc., are managed differently in that Matson Money, Inc. does not use actively managed mutual funds and provides more broad based diversification.

For more details about the portfolios see:

- The Matson Money, Inc. Form ADV Part 2
- The Free Market Fund Prospectus
- The Royal American ADV Part 2A Appendix 1

You may call Royal American at (951) 679-2065 to obtain copies.

E. Assets Under Management

As of 12/31/11:

\$ 6,011,442	Non-Discretionary
\$18,829,838	Discretionary
<u>\$ 9,346,273</u>	Solicitor (Third Party Manager)
\$34,187,553	Total

Fees and Compensation

Form ADV Part 2A, Item 5

A. The Annual Fee for Total Assets Under Management is 1.0%

The Advisor may make amendments to this schedule of fees at any time with sufficient written notice to the client. Fees are paid quarterly in advance.

Fee Calculation:

The advisory fee for the starting partial quarter is waived. Advisory fees for the first full quarter (and beyond) are billed in advance and are calculated according to the fee schedule in the advisory agreement. The calculation is based upon the fair market value of Portfolio Assets in the account, as shown on the quarter end statement provided by the custodian. This value is then multiplied by the annual advisory fee divided by four. This result is the amount due the Advisor as compensation for the next quarterly period. Fees are negotiable depending upon other factors, such as account size.

Platinum Plus Investment Advisory Services:

Royal American offers flat fee advisory services for high net worth individuals with investable assets of \$1,000,000 and up. The annual fixed (flat) fee is billed in advance on a quarterly basis. The billable amount is first determined by adding the total of all investable assets. The annual fee is then determined, and agreed to in writing, in the advisory agreement. The quarterly fee is determined by dividing the annual flat fee by four.

Flat Fee Structure for Platinum Plus Services:

Investable assets \$1,000,001 to \$3,000,000: \$2,500 per quarter flat fee

Investable assets \$3,000,001+ shall have negotiated flat-fees

Any account, or portion of the client's investable assets, may be discretionary or non-discretionary as determined by the client at the time the advisory agreement is made. The advisory agreement may be amended in writing with both parties signing a new agreement with changes made. The client may place reasonable restrictions in writing on the discretionary portion of the Platinum Plus Investment Advisory Services. We will limit the availability of the Platinum Plus program to 40 clients to help assure quality service.

Other Compensation Disclosure

Certain financial products are not available on an annual fee basis, or it may not be in a client's best interest to pay an ongoing fee on a financial product, such as a fixed annuity or life insurance product. With certain financial products, it may be better to pay a one-time commission, or one-time fee, instead of an ongoing fee. You will not be charged both annual ongoing fees and one-time commissions on the same recommendations. It is against company policy to charge both ongoing fees and one-time commissions on the same recommended products. All advisory fees shall be disclosed in advance.

Consultations by Hourly Fee

Royal American Financial Advisors, LLC is available for independent investment or financial consultations to the general public. Fees for a financial consultation are charged at \$250.00 per hour. Fees are negotiable and initial consultations are usually done at no cost. The amount of time needed for the consultation will be estimated in writing, in advance.

B. For investment allocation services and Platinum Plus advisory services, the client authorizes the Advisor's fee to be paid directly from the client's account held by an independent custodian. Fees will be noted on the client's quarterly statement from the custodian. The Advisor will also send a quarterly fee statement showing the amount of the advisory fee, the value of the client's assets upon which the fee was based, and the manner in which the Advisor's fee was calculated. Advisory fees are billed quarterly in advance.

Clients should take a moment to verify the accuracy of the fee calculation. The custodian of the account will not verify the accuracy of these fee calculations. Should there be any questions regarding the invoice or fee calculation, contact us at (951) 679-2065.

For hourly consultations, clients are billed as fees are incurred and will be billed direct.

C. Nominal transaction fees, and/or other fees charged by the custodian, are in addition to advisory fees. Fees and charges will be noted on the client statements and/or confirmations. Clients may incur certain charges imposed by third parties in connection with their investments including, but not limited to, mutual fund fees or commissions, surrender charges, deferred sales charges, 12(b)-1 fees, variable annuity sales commissions, qualified retirement account fees, spread costs, and transaction ticket charges.

See Item 12, page 14, which discusses selection of brokerage services, for additional information.

D. TERMINATIONS AND REFUNDS

Advisory fees are billed in advance. Investment advisory agreements may be terminated at any time by either of the parties upon written notice to the other. Said termination shall be effective immediately, or on an agreed upon date. Since fees are billed in advance, any accounts closed during the middle of a quarter will be refunded the advisory fee paid from the closing date to the end of the quarter based upon the total days remaining in the quarter. The daily amount to be refunded to the client will be determined by the amount the client paid in advance for the full quarter, and divided by the total days in the quarter.

E. Royal American's advisors are not dually registered or affiliated with a broker/dealer and do not accept compensation on the sale of securities products, mutual funds, or variable annuities.

Performance-Based Fees and Side-By-Side Management

Form ADV Part 2A, Item 6

Royal American Financial Advisors, LLC does not accept performance based fees.
This section is not applicable.

Types of Clients

Form ADV Part 2A, Item 7

Royal American Financial Advisors, LLC primarily advises individual, trust, and estate clients.

Minimum Account Size:

Royal American Financial Advisors, LLC requires an account minimum of \$50,000.

However, Royal American may choose to reduce the account minimum based upon certain criteria including, but not limited to, anticipated future earning and saving capacity, anticipated future additional assets, related accounts, etc.

Royal American serves both the small investor with asset allocation services and investments, and the high net worth investor with Royal American's Platinum Plus services.

The minimum portfolio size for our flat fee Platinum Plus services is \$1,000,000.00.

Methods of Analysis, Investment Strategies and Risk of Loss

Form ADV Part 2A, Item 8

A. METHODS OF ANALYSIS AND INVESTMENT STRATEGIES

Advisor, Manager and/or Fund Selection

Royal American does not make asset allocation decisions based on the conditions of the economy or the markets. Royal American reviews and selects funds, and/or managers for its Armored Portfolios based upon a variety of criteria. Some of the most important criteria being, but not limited to, diversification of asset classes, turnover ratio, consistency in the fund's category over a period of years, all things being equal a lower expense fund, risk measurements, the experience of the manager, the tenure of the manager, a change in the objective of the fund, the category of the fund, etc. We may replace the fund or manager if any of our criteria are not being met over several quarters.

Main Sources of Information For Investment Selection

Royal American utilizes computer software from Morningstar Advisor Workstation that generates portfolio snapshots and important details on each portfolio and individual holding for analysis by Royal American. Morningstar Advisor Workstation software is updated monthly and is paid for by Royal American with hard dollars directly from our firm.

INVESTMENT STRATEGIES

Armored Conservative Portfolio

Category: Conservative Income & Growth

The Armored Conservative Portfolio consists of conservative and/or moderate allocation strategies. The Armored Conservative Portfolio is a diversified portfolio of stocks, bonds, cash, currency, commodities, and real estate (both domestic and international), with a greater weighting towards fixed income and domestic equity than the Armored World Portfolio.

Armored World Portfolio

Category: Balanced Growth

The Armored World Portfolio consists of conservative, moderate, and/or world allocation strategies. The Armored World Portfolio is a diversified portfolio of stocks, bonds, cash, currency, commodities, and real estate, both domestic and international.

Investment Policy Statement and Investment Policy Guidelines

An Investment Policy Statement will be established with each new client to conform to the client's investment objectives. The purpose of the statement is to clarify responsibilities (for both the Advisor and the client), and establish guidelines and standards for the prudent investment of the client's assets. These guidelines provide stability in the portfolio's management to guide the Advisor in selecting the appropriate holdings for the portfolio's stated goals and objectives. This policy-driven approach helps to reduce the client's and investment manager's tendency to act impulsively during volatile markets. The policy also provides parameters for the portfolio by setting standards for selecting appropriate investment holdings. Finally, the Investment Policy Statement is a crucial tool for setting and establishing expected portfolio standards and goals.

DUTIES AND RESPONSIBILITIES OF THE ADVISOR AND THE CLIENT

Duties and Responsibilities of the Client

The client must provide the Advisor with all relevant information on financial condition, net worth, and risk tolerances, and must notify the Advisor promptly of any changes to this information. The Investor should read and understand the information contained in the prospectus of each mutual fund in the Portfolio selected.

It is the responsibility of the client to ignore short term market fluctuations, remain a disciplined investor, control emotions, and focus on the time horizon necessary to obtain the potential portfolio objectives.

Duties and Responsibilities of the Investment Advisor

Royal American Financial Advisors, LLC (the Advisor) is responsible for assisting the client in making an appropriate portfolio selection decision based on the particular needs, objectives, and risk profile of the client. The Advisor will be available on a regular basis to meet with the client and periodically review the Portfolio for suitability based on information provided by the client. The Advisor is responsible for keeping the risk profile in line with the investment objectives of the Armored Model Portfolios.

It is also the responsibility of the Advisor to help the client ignore short term market fluctuations, remain a disciplined investor, control emotions, and focus on the time horizon necessary to obtain the potential portfolio objectives through ongoing communications and education on the Advisor's website www.myinvestmentcoach.com, and other forms of communications from the Advisor.

Communications and Reporting

Royal American is responsible for frequent and open communications with the client on all significant matters pertaining to investments including: (1) any major changes in investment strategy and portfolio structure, and (2) fee reports on a calendar quarter basis.

Time Horizon and Frequent Trading

The time horizon for portfolio evaluation and performance measurement is 3 to 5 years for the Conservative Income and Growth objective and 5 or more years for the Balanced Growth objective, to encompass at least one market cycle. Investing for a shorter time horizon can add additional risks that objectives may not be met.

In order to keep costs down and taxes lower, Royal American does not implement frequent trading strategies. Frequent trading increases transaction costs and taxes which can also reduce performance. Royal American believes that frequent trading also increases risks associated with market timing and stock picking, as they both require a forecast of the future. Royal American does not believe anyone can reliably forecast the future over the long term, and that investors and advisors that engage in these activities, increase risk and reduce potential long term returns.

Weighting

The percentages of asset classes will vary, depending upon the percentages in the individual fund holdings. Royal American will generally keep equity (stock) exposure below 60% in the Balanced Growth objective and less than 40% in the Conservative Income & Growth objective. The remaining percentages will be in other asset classes such as bonds, cash, currency, commodities, and real estate, both domestic and international. These weightings are guidelines and actual percentages may vary within reasonable parameters.

Market Timing

When implementing our strategies and selecting a portfolio, the client acknowledges the futility of short-term trading as embodied by market timing and trying to forecast (or predict) the future. The client also acknowledges the additional risks inherent with these strategies, like selling at market lows and buying back in when markets are higher, due to human emotions. Royal American will not engage in market timing strategies, and instead use rebalancing strategies to manage risk and manage potentially costly investor behavior.

Rebalancing

Rebalancing techniques will be used to establish target percentages in each investment and acceptable deviation from targets will be set. Royal American will seek to rebalance this portfolio in a low cost fashion.

Rebalancing will be employed to first keep portfolio risk parameters in line. When Royal American rebalances an account, it sells holdings that are appreciating in value to buy other holdings that may be declining in value. This investment philosophy helps the portfolio to be positioned in various asset types so that when the asset type becomes profitable, the account is positioned to take advantage of the upturn.

Money Market Funds

Money market funds may comprise from approximately 3% to 5% of the portfolio's assets for risk reduction, liquidity and diversification. These percentages are guidelines and actual percentages may vary within reasonable parameters. These percentages do not include money market or cash that may be held in the funds within the portfolios. Money market holdings may reduce total returns in rising stock markets. Money market funds also reduce portfolio risk and volatility. Money market funds can also aid a rebalancing strategy by having cash available. This allows us to rebalance some cash into stocks during down periods. This could slightly enhance the return potential during recovery periods and also potentially shorten the time period for recovery.

Diversification

The portfolios will seek to reduce risk and volatility by diversifying and investing in funds that may contain stocks, bonds, cash, currency, commodities, and real estate, both domestic and international. The portfolio is designed for investors that want to invest in the stock and bond markets, but desire smoother returns when compared to a 100% stock portfolio. Offsetting correlation of asset classes are included to help reduce portfolio volatility and risk when possible. Investing in one asset class (a non-diversified portfolio) increases risk and may cause large portfolio losses. Therefore, diversification is used to reduce the risk that any one asset class may cause large portfolio losses. However, diversification may also reduce shorter term returns, as there may be one or more asset class in a diversified portfolio that may not be performing well. Even so, we believe that it is still more prudent for an investor to remain diversified for a lifetime than to speculate in a non-diversified portfolio.

Manager Restrictions

The Manager will not invest in derivatives, short sales, options, or margin transactions.

B. MATERIAL RISKS AND RISK OF LOSS

The portfolios seek to deliver capital preservation with some capital growth above inflation over the stated time horizon. Inflation risk (loss of future purchasing power) is an important risk factor and moderate equity exposure and short-term volatility is acceptable to offset this risk. The portfolio will therefore take appropriate risk in order to try to achieve this goal. Risk of capital loss is of primary concern. Therefore, the portfolios will be diversified among many asset classes in an effort to reduce volatility and risk when compared to a 100% equity portfolio. However, risk of capital loss cannot be eliminated. Portfolio goals and objectives cannot be guaranteed and may or may not be achieved. The investor must be willing to accept periods of negative returns in order to obtain potential longer term average returns.

Risk of Loss

No single investment guarantees both the greatest returns and absolute protection from all risk. Royal American recognizes that there are two basic goals: (1) Capital growth, and (2) Preservation of capital. The different investment portfolios we provide, allow you to choose how much emphasis you want placed on growth and how much on preservation of capital by reducing the risk of capital loss. Each involves a different approach to managing your funds in order to reach your goal. Some portfolios have more volatility and risk than others. Careful selection should be made so the client can remain disciplined through the inevitable downside volatility.

Investing involves risk of loss. Clients should be prepared to hold their portfolios through inevitable downside volatility in these risk portfolios in order to capture the potential for longer term average returns. Our managers strive to reduce risk through the appropriate risk category for each individual client, as well as diversification and rebalancing strategies. However, there will be periods of negative returns in the overall portfolios. You may receive more or less than the amount invested when redeeming shares.

C. TYPES OF ASSETS AND OTHER MATERIAL RISKS

The types of assets will primarily include the use of mutual funds, but may also include the use of exchange traded funds, and/or closed end funds. The equity funds will be diversified across large-and-small company stocks (domestically and internationally) with an emphasis on value stocks (potentially undervalued stocks given the financial strength of the company). The bond allocation (fixed income) will emphasize shorter term maturities (5 years or less) to reduce risk and volatility. However, the portfolios may also have some higher risk bond exposure in intermediate terms and international bonds.

The Armored Portfolios will diversify by investing in funds that may contain stocks, bonds, cash, currency, commodities, and real estate, both domestic and international. There are additional risks when investing globally and in high book to market stocks, such as value investing strategies.

Royal American believes it is better to remain diversified globally and that with this diversification, risk can be reduced over time with discipline and rebalancing strategies. However, there may be times when global investments underperform domestic markets for extended periods of time. Likewise, there may be periods of time when value investing underperforms growth investing strategies for extended periods of time.

Royal American believes these periods of time cannot be determined in advance and it is the primary reason for implementing diversification and rebalancing strategies. This can help to avoid the guess work and the additional risk that comes with trying to forecast the future, and then attempting to pick the asset classes in advance based upon this forecast.

Disciplinary Information

Form ADV Part 2A, Item 9

No disciplinary actions or information.

Other Financial Industry Activities and Affiliations

Form ADV Part 2A, Item 10

A. Royal American Financial Advisors, LLC is a fee only Registered Investment Advisor and is not affiliated with a broker/dealer. To reduce potential conflicts of interest, Royal American advisors will not be dually registered as commission registered representatives of broker/dealers.

B. Royal American Financial Advisors, LLC or its advisors are not registered, or do not plan on becoming registered as a futures commission merchant, commodity pool operator, or commodity trading advisor.

C. Related Persons

Real Estate Affiliation:

John Richard Borger also acts as a Real Estate Broker under the business name of Realty Masters. It is estimated that he will spend less than 2% of his time on these activities. John maintains his real estate brokers license primarily for ongoing education and to benefit his clients that have general questions about real estate.

Law Firm Affiliation:

Royal American is not affiliated with any law firm. Royal American Financial Advisors, LLC does not give legal advice and only utilizes independent law firms for asset protection and estate preservation services. These services may include, but not limited to, family limited partnerships, formation of corporations or limited liability companies, revocable living trusts, charitable remainder trusts, irrevocable life insurance trusts, and the like. Attorneys offered to clients to provide legal advice will be paid separate and typical compensation. However, no client is obligated to use any of these individuals to provide legal services. Royal American will not receive any compensation from any law firms.

Insurance Agency Affiliation:

When a client, or potential client, has a need for life insurance and/or fixed annuities, Royal American Financial Advisors, LLC may recommend fixed annuities and/or life insurance products to clients through Royal American Insurance Services, LLC. When recommending life insurance or fixed annuities, clients will receive a disclosure stating the affiliation with Royal American Insurance Services, LLC. Clients are not obligated to utilize Royal American Insurance Services, LLC or its products for their insurance product purchases. It is understood that Royal American Insurance Services, LLC's agents will receive separate and typical compensation for any

insurance and/or annuity implementations made by its clients. Commissions on life insurance and annuities are contractually fixed by the insurance company. The commission would be paid to an agent regardless of the agent chosen to facilitate a transaction.

D. Royal American may recommend other third party advisors or money managers from time to time. We reduce, or eliminate, this potential conflict of interest, by maintaining the same fee structure payable to Royal American, whether managed by us, or a third party manager. All fees are disclosed.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Form ADV Part 2A, Item 11

A. As a Registered Investment Advisor, Royal American Financial Advisors, LLC and its advisors are fiduciaries. It owes its clients the highest duty of loyalty and relies on each employee to avoid conduct that is or may be inconsistent with that duty.

Basic Principles

This Code is based on a few basic principles that should pervade all investment related activities of all employees, personal as well as professionals:

- The interests of the Advisor's clients come before the Advisor's or any employee's interests.
- Each employee's professional activities and personal investment activities must be consistent with this Code of Ethics and avoid any actual or potential conflict between the interests of clients and those of the Advisor or the employee.
- Those activities must be conducted in a way that avoids any abuse of an employee's position of trust with and responsibility to the Advisor and its clients, including taking inappropriate advantage of that position.

Royal American will provide a copy of our Code of Ethics to any client or prospective client upon request.

B. Royal American does not sell or recommend to clients securities that we, or a related person, has a material financial interest.

C. Advisors may (and are encouraged to) invest in the same model portfolios we recommend to our clients, primarily in mutual funds and in the model portfolios. Royal American does not believe this is a conflict of interest and demonstrates the strength of our convictions in our recommendations.

To the extent there may be a conflict of interest, we have adopted the following policies on personal account trading.

Personal Account Trading and Investment Policy

It is the Advisor's policy to impose specific requirements related to each advisor's (and covered person's) personal trading and investment activity. The Advisor's policy is to consider the effects of various types of trading, including short term trading and trading in initial public offerings, as a potential conflict of interest. Similarly, the Advisor may impose specific requirements related to investments in private placements, if any. Personal securities transactions when investing in securities (other than mutual funds), must be approved by a principal of the firm in advance.

Approval may be refused for any proposed trade by an employee that:

- Involves a security that is being (or has been) purchased or sold by the Advisor on behalf of any client account or is being considered for purchase or sale (other than mutual funds).
- Is otherwise prohibited under any internal policies of the Advisor (such as the Advisor's Policy and Procedures to Detect and Prevent Insider Trading).
- Breaches the employee's fiduciary duty to any client.
- Is otherwise inconsistent with applicable law, including the Advisers Act and the Employee Retirement Income Security Act of 1974, as amended.
- Creates an appearance of impropriety.

Since model portfolios managed by Royal American (for the most part) only contain mutual funds with end of day pricing, allocation and pricing issues are seldom, if ever an issue.

If there are buys or sells at or about the same time for securities other than mutual funds with end of day pricing, then block trades will be executed whenever possible. All clients and advisors (and covered persons) will be treated equally in any block trade. If a block trade is unavailable, or not practical, the client transaction will be given priority and completed first before an advisor (and covered persons) transaction in the same security.

Royal American Financial Advisors, LLC will maintain a list of all securities holdings for itself and for advisors and employees of the company. These will be reviewed on a quarterly basis by principals of the company for potential violations of our policy.

Brokerage Practices

Form ADV Part 2A, Item 12

A. Brokerage Selection

A broker/dealer, or custodian account, is necessary for the establishment of an investment advisory relationship for custody of client's assets. Client's approval of broker/dealer, or custodian, is by a signed application for establishing an account with that broker/dealer, or custodian.

Factors for Selection of Broker/Dealer or Custodian:

In selecting a broker/dealer, or custodian, the Advisor will comply with its fiduciary duty to obtain best execution and with the provisions of action 28(e) of the Securities Exchange Act of 1934.

Some of the factors may include:

- Financial strength, reliability, technology, and reputation.
- The ability to effect transactions, particularly with regard to such aspects as timing, order size, and execution of order, pricing, and service.
- The research and related brokerage services provided by such broker/dealer to the Advisor, even if that the account may not be the direct or exclusive beneficiary of such services.
- The ability of Royal American to purchase on behalf of its clients, no load funds without transaction charges, no load funds at nominal transaction charges, and load waived funds without commissions.
- Any other factors the Advisor considers to be relevant for its clients.

The client may be able to execute the same types of transactions and pay lower transaction fees at other qualified broker/dealers. In seeking the best execution for our clients, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of services, including execution capabilities, service, and responsiveness. Although Royal American seeks competitive rates, it may not necessarily obtain the lowest possible commission rate or transaction fee. Transaction fees and/or other fees charged by custodian are in addition to advisory fees.

Since Royal American trades primarily in mutual funds on behalf of clients, and since brokerage fees for mutual funds are generally established by the mutual fund sponsor and set forth in the funds' prospectuses, Royal American does not generally consider all of the factors associated with best execution when deciding to purchase or sell securities. For purchases and sales of securities other than mutual funds, Royal American acknowledges that clients may be able to obtain lower brokerage transaction or custody fees with other brokerage firms or custodians than those recommended by Royal American. However, Royal American believes that the arrangements it has in place with the discount broker TD Ameritrade, and third party advisors have with Charles Schwab, generally provide best execution for clients, quality services, and good pricing.

1. Research and Other Soft Dollar Benefits: Royal American seeks to avoid potential conflicts of interest and does not accept soft dollar benefits, products, or other services in connection with client securities transactions from broker/dealers.
 - a). Royal American does not use client brokerage commissions (or mark ups or markdowns) to obtain research or other products or services.

2. Royal American seeks to avoid conflicts of interest and does not receive referrals from custodians or broker/dealers in return for recommending custodians or broker/dealers. Royal American does not have a financial incentive to recommend one custodian or broker/dealer over another.
3. Royal American recommends TD Ameritrade as the broker/dealer for our clients that invest in our model portfolios that we manage directly. Royal American recommends Charles Schwab as the broker/dealer for the model portfolios managed by Matson Money, Inc. Not all advisors require clients to use a specific broker/dealer. Royal American does not receive financial incentives for recommending broker/dealers. We do however recommend certain broker/dealers to make our practice more efficient. For example, the ability to trade all accounts on one broker/dealer system creates more efficiency. By directing clients to one brokerage firm, we may be unable to achieve better execution of client transactions, and this may cost clients more money. This is less of an issue with mutual fund end of day pricing and by using no transaction fee mutual funds (whenever possible).

By using larger discount brokers such as TD Ameritrade and Charles Schwab, we feel the potential cost savings issue by using another broker is somewhat mitigated, and may result in cost savings for some clients that moved from more expensive broker/dealers.

b). Royal American does not permit clients to choose direct brokerage other than what we recommend. We feel with the discount brokers we utilize, that there would not be a significant cost savings for the client, and it would result in significant inefficiencies in our practice and in turn affect our abilities to serve our clients.

B. When possible, the Advisor will aggregate buy or sell transactions (block trading), for multiple accounts in the same security, on the same day with the directed broker. The Advisor will execute block trading where the following conditions are met: All clients receive equal treatment.

If block trading or aggregation is not possible, some clients may receive better pricing than other clients when trading the same security at or around the same time of day. This is not an issue with securities that have end of day pricing for everyone (such as mutual funds).

Review of Accounts

Form ADV Part 2A, Item 13

A. Brokerage accounts are reviewed on a daily basis for cash flows and transactions. A principal of the firm will continuously review underlying securities and/or managers in each model portfolio no less frequently than on a monthly basis. Advisory personnel periodically meet to determine if any changes in the portfolios are necessary, and if so implement those changes. Accounts are also reviewed on a quarterly basis for necessary rebalancing, and rebalanced when deemed necessary by the portfolio manager. Rebalancing is accomplished

by reallocating assets to the original asset targets.

Changes in the portfolio, which include adding, removing, or replacing securities at the discretion of Royal American, are made infrequently and are based on:

- Significant changes in the economic, financial, or political climate.
- Significant changes in the tax code.
- Changes in the management of the securities held inside the portfolios that no longer match the goals and objectives of the portfolio.
- Changes in the client's personal circumstances, including health, employment, financial, marital, and family status.
- Other relevant issues that may be unknown at the present time.

Royal American may replace a particular security if it significantly diverges from its original strategy in terms of risk or return, and/or holdings, and/or frequency of trading, and replace it with a security that is more in line with the previous risk/return profile, and portfolio goals and objectives.

Reviewers: John Borger and Scott Buchanan

Reviewers are Managing Members and principals in the company and have the responsibility of reviewing clients accounts and the portfolio allocations. Reviews and servicing are also conducted by client's Investment Advisor Representative, if other than the principals of the company.

B. Client reviews are conducted at least on an annual basis or when significant changes occur in a client's financial situation, or should market, economic, or political events dictate a basis for a client review, or when client requests a review. It is the client's responsibility to contact their Investment Advisor Representative when changes occur (of which the Advisor may be unaware), in their investment objectives, needs, goals and risk tolerance, to discuss their options and, if necessary, make changes to their portfolio.

C. Clients are provided with regular summary account statements directly from their custodian and/or broker/dealer for each account, on a monthly or quarterly basis, depending upon the custodian's procedure.

Client Referrals and Other Compensation

Form ADV Part 2A, Item 14

A. Royal American seeks to avoid economic benefits from non-clients for providing investment advice or other advisory services to our clients. Royal American has made it a policy not to accept any sales awards or prizes of monetary value.

However, all of the custodians used by our clients provide Royal American with various data services, which may include file downloads, on-line services, rebalancing software, and cost basis software at a discounted fee

(or free of charge). They also provide us with services typically provided to institutional investment managers (which generally are not provided to retail customers). These services include duplicate client statements and confirmations, access to a trading desk for client services, access to block trading (which allows us to trade the same security in multiple accounts around the same time with equal pricing for all clients), the ability to have advisory fees deducted directly from client accounts, and access to mutual funds with no transaction fees or commissions, of which some of these services benefit our clients.

B. Solicitor Fees for Client Referrals

When a client is introduced to Royal American by either an affiliated or unaffiliated solicitor, Royal American may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state requirements.

The referral fee shall be paid solely from Royal American's investment management fee, and shall not result in any additional charge to the client. The fee you pay for the Advisor's services is the same whether you come to the Advisor directly, or place your business through a solicitor.

If the client is introduced to Royal American by either an affiliated or unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her relationship, and shall provide prospective client with a written copy of Royal American's solicitor disclosure statement, and have the client sign a copy of the disclosure statement. Solicitor shall also provide a copy of Royal American's most current Form ADV Part 2A, Part 2A Appendix 1, and Part 2B. The written solicitor disclosure statement shall disclose to the client the terms of the solicitation arrangement between Royal American and the solicitor, including any compensation.

For its client solicitation and referral services, a solicitor may be eligible for a referral fee. This fee is to be paid quarterly from fees collected by the Advisor from the client that was referred by the solicitor. This fee may be up to 50% of the fee paid to Royal American Financial Advisors, LLC according to the Advisor's fee schedule in the advisory agreement signed by the client. The solicitor will not be compensated from any third party management fees, if any.

A solicitor is not a licensed Investment Advisor Representative. The solicitor cannot provide any general investment advice to you, and cannot recommend the purchase or sale of any security to fund your account. The solicitor is not authorized to provide investment advice to any client on behalf of Royal American Financial Advisors, LLC.

We do have Registered Investment Advisors at the office to help you with any advice you may need in assisting you with your transfer. We welcome your call: (951) 679-2065

Custody

Form ADV Part 2A, Item 15

Royal American Financial Advisors, LLC does not have custody of client's funds or securities.

Investment Discretion

Form ADV Part 2A, Item 16

DISCRETIONARY ACCOUNT AUTHORITY

When the client grants Royal American discretionary authority, it is agreed by the client and Advisor that the Advisor shall supervise and direct investments of and for the client's account on a discretionary basis, without prior consultation with the client. The discretionary authority is subject to such limitations and restrictions the client may impose to the Advisor, in writing, in the advisory agreement. The Advisor's discretionary authority is also subject to the portfolio goals and objectives as agreed upon by the Advisor and the client.

Discretionary authority makes the Advisor the agent (and attorney-in-fact) with limited power and authority in connection with the client's account (to buy, sell, exchange, convert, and otherwise trade in all securities or cash as the Advisor may select).

The client approves the discretionary authority by signing a discretionary investment advisory agreement with Royal American, and limited power of attorney with the custodian or broker/dealer on a new account application. This authority shall continue until written cancellation by the client or the Advisor.

Voting Client Securities

Form ADV Part 2A, Item 17

PROXY VOTING

A. Royal American Financial Advisors does not retain the authority to vote client securities.

B. The Advisor claims no ownership rights, by virtue of its advisory relationship, to any client securities. Each client retains all incidental rights of ownership, including the right to vote on issues concerning the securities in the client's account.

The Advisor shall have no authority or obligation to take any action or render any advice with respect to the voting of proxies. Clients may call Royal American for general advice on where to get more information.

Clients will receive their proxies directly from their custodians or transfer agents.

You expressly retain the authority and responsibility for the voting of such proxies.

Financial Information

Form ADV Part 2A, Item 18

Royal American Financial Advisors, LLC does not require prepayment of more than \$1,200 in fees per client, six months or more in advance.

This section is not applicable.

Requirements for State-Registered Advisers

Form ADV Part 2A, Item 19

A. Education and business background for Royal American Financial Advisors, LLC principals who determine general investment advice given to clients:

JOHN RICHARD BORGER, CFP® **BORN: 1961**

CERTIFIED FINANCIAL PLANNER™ professional
Principal, Royal American Financial Advisors, LLC

Education:

Fullerton College, Fullerton, CA 1979-1981
Riverside Community College, Riverside, CA 1981-1982
American College (Certified Financial Planner curriculum completed) 1999-2004

Business Background:

Royal American Financial Advisors, LLC, Principal/President, 02/2000 to present
Royal American Insurance Services, LLC, Principal/President, 01/2001 to present
Realty Masters, Real Estate Broker, 9/1993 to present
Capital Growth Resources, Registered Representative, 10/2001 to 07/2009
Investors Capital Corporation, Registered Representative, 1/2000 to 10/2001
Legacy Estate & Insurance Services, Regional Manager, 4/1997 to 1/2000
Conseco Financial Services, Registered Representative, 12/1998 to 9/1999
PFS Investments, Inc., Registered Representative, 12/1992 to 12/1994
Primerica, Insurance Representative, 12/1992 to 12/1994

SCOTT CHRISTIAN BUCHANAN **BORN: 1979**

Principal, Royal American Financial Advisors, LLC

Education:

San Jacinto Community College 1997-1998, 2003 & 2004 General Education
American College (Certified Financial Planner curriculum completed in 2006)

Business Background:

Royal American Financial Advisors, LLC 04/2004 to present
Royal American Insurance Services, LLC 04/2004 to present
Capital Growth Resources, Registered Representative, 06/2007 to 07/2009
Raymond James Financial Services, Insurance Agent, 08/1999 to 01/2004

B. See ADV Part 2A, Item 10 C, page 12, Real Estate Affiliation

C. Not applicable.

D. Not applicable.

E. Not applicable.

Additional Information

Potential Conflicts of Interest:

- When a client (or potential client) has a need for life insurance and/or fixed annuities, Royal American Financial Advisors, LLC may recommend fixed annuities and/or life insurance products to clients through Royal American Insurance Services, LLC. When recommending life insurance or fixed annuities, clients will receive a disclosure stating the affiliation with Royal American Insurance Services, LLC. Clients are not obligated to utilize Royal American Insurance Services, LLC or its products for their insurance product purchases. It is understood that Royal American Insurance Services, LLC's agents will receive separate and typical compensation for any insurance and/or annuity implementations made by its clients. Commissions on life insurance and annuities are contractually fixed by the insurance company. The commission would be paid to an agent regardless of the agent chosen to facilitate a transaction.
- Even fee based accounts have potential conflicts of interests. For example, when a client wants to withdrawal money from a fee based account (for any variety of reasons), it will reduce an advisor's compensation. Client's should take into account advice from advisors and the potential conflict when withdrawing money from their accounts. We have a fiduciary duty to our clients, and will endeavor to make unbiased recommendations regarding the issue of withdrawing your money from your accounts. This potential conflict will not discourage us from advising a client when we believe they are making a mistake, for example, spending beyond their means, or moving to an inappropriate investment.
- When we make recommendations that you purchase a commission based product, or invest in a fee based account, there may be a potential conflict of interest. We will earn a fee or commission on the recommendations. It may or may not be in your best interest to act on the recommendations. We as a fiduciary will endeavor to act in the best interest of all our clients, regardless of the potential for conflicts of interest for earning a fee or commission.
- While we believe our fees are fair and reasonable, some clients may pay less for similar services. An investor's participation in the programs may cost the investor more or less than purchasing such services separately, or investing on their own.
- If a client has over \$1,000,000 in fee based accounts through Royal American and has not signed up for our Platinum Plus services, such client will pay more in total advisory fees. Although some clients may not desire to participate in our Platinum Plus program, all clients with over \$1,000,000 must be advised of the existence of the Platinum Plus program as a vehicle to save money on fees.

John Richard Borger

Royal American Financial Advisors, LLC

27192 Newport Rd., Suite 4

Menifee, CA 92584

(951) 679-2065

1/28/2012

**FORM ADV PART 2B
BROCHURE SUPPLEMENT**

This brochure supplement provides information about John Richard Borger that supplements the Royal American Financial Advisor brochure. You should have received a copy of that brochure. Please contact our main office at (951) 679-2065 if you did not receive Royal American Financial advisor, LLC's brochure or if you have any questions about the contents of this supplement.

Additional information about John Richard Borger is available on the SEC's website at www.adviserinfo.sec.gov.

Table of Contents

<i>Educational Background and Business Experience</i>	1
<i>Disciplinary Information</i>	2
<i>Other Business Activities</i>	2
<i>Additional Compensation</i>	3
<i>Supervision</i>	3
<i>Requirements for State-Registered Advisers</i>	3

Educational Background and Business Experience

Form ADV Part 2B, Item 2

Name: John Richard Borger, CFP®

Year of Birth: 1961

Formal Education after High School:

- Fullerton College, Fullerton CA, 1979 - 1981
- Riverside Community College, Riverside CA, 1981-1982
- American College (Certified Financial Planner curriculum completed) 1999-2004

Business Background for the Previous Five Years:

- Royal American Financial Advisors, LLC, Principal/President, 02/2000 to present
- Royal American Insurance Services, LLC, Principal/President, 01/2001 to present
- Realty Masters, Real Estate Broker, 09/1993 to present

Certifications:

Certified Financial Planner [‘CFP’]: Accredited by the National Commission for Certifying Agencies (NCCA), this designation is issued by the Certified Financial Planner Board of Standards, Inc. (CFPBS) and is granted to individuals who complete a CFP Certification Examination and as well as to meet the following prerequisites: bachelor’s degree from an accredited college of university and three years of full time personal financial planning experience. Before 2007, no bachelor’s degree was required for certification. In order to qualify, the candidate must complete a CFP-board registered program or hold one of the following titles: CPA, ChFC, Chartered Life Underwriter (CLU), CFA, PhD in business economics, Doctor of Business Administration or Attorney’s License. Once issued, the candidate is required to complete 30 hours of continuing education every two years and must continuously meet the standards administered by CFPBS.

CFP® INFORMATION DISCLOSURE - You, the client, are encouraged to review the information contained in this disclosure form and ask the CFP® certificant, John Borger any questions you may have. As a CFP® certificant, I acknowledge my responsibility to adhere to the standards established in CFP Board’s *Standards of Professional Conduct*. If you become aware that my conduct may violate the *Standards*, you may file a complaint with CFP Board at www.CFP.net/complaint. I will endeavor to serve you well and act in your best interests.

John Borger CFP Board I.D. #90694

Disciplinary Information

Form ADV Part 2B, Item 3

No disciplinary actions or information.

Other Business Activities

Form ADV Part 2B, Item 4

A. John Borger is a founding member and President of Royal American Financial Advisors, LLC, a fee only registered investment advisor and is not affiliated with a broker/dealer. To reduce potential conflicts of interest, Royal American advisors will not be dually registered as commission registered representatives of broker/dealers.

Insurance Agency Affiliation:

When a client or potential client has a need for life insurance and/or fixed annuities, John Borger may recommend fixed annuities and/or life insurance products to clients through Royal American Insurance Services, LLC.

When recommending life insurance or fixed annuities, clients will receive a disclosure stating the affiliation with Royal American Insurance Services, LLC. Clients are not obligated to utilize Royal American Insurance Services, LLC or its products for their insurance product purchases.

It is understood that Royal American Insurance Services, LLC's agents will receive separate and typical compensation for any insurance and/or annuity implementations made by its clients. Commissions on life insurance and annuities are contractually fixed by the insurance company. The commission would be paid to an agent regardless of the agent chosen to facilitate a transaction.

Additional Compensation

Form ADV Part 2B, Item 5

John Borger and Royal American seek to avoid economic benefits from non-clients for providing investment advice or other advisory services to our clients. John Borger and Royal American has made it a policy not to accept any sales awards or prizes of monetary value based upon sales quotas or number of new accounts.

However, all of the custodians used by our clients provide Royal American with various data services, which may include file downloads, on-line services, rebalancing software, and cost basis software at a discounted fee or free of charge. They also provide us with services typically provided to institutional investment managers (which generally are not provided to retail customers). These services include duplicate client statements and confirmations; access to a trading desk serving adviser participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; and access to mutual funds with no transaction fees or commissions, of which some of these services benefit our clients.

Supervision

Form ADV Part 2B, Item 6

John Borger and Scott Buchanan are the principals of the advisory firm, Royal American Financial Advisors, LLC. Both are responsible for supervising the supervised person's of advisory activities on behalf of the firm. Both are responsible for reviewing each other's paperwork and recommendations to clients.

There is constant communication between the principals regarding recommendations and advice for the clients, and compliance issues. Activities are monitored on a daily basis as reports are prepared and recommendations are made to clients. E-mails are monitored and reviewed on a monthly basis. Suitability is reviewed prior to opening accounts, and as new account paperwork and advisory agreements are completed.

Contact information:

John Borger, Principal (951) 679-2065

Scott Buchanan, Principal (951) 679-2065

Requirements for State-Registered Advisers

Form ADV Part 2B, Item 7

A. Not Applicable.

B. Not applicable.

Scott Christian Buchanan

Royal American Financial Advisors, LLC

27192 Newport Rd., Suite 4

Menifee, CA 92584

(951) 679-2065

1/28/2012

**FORM ADV PART 2B
BROCHURE SUPPLEMENT**

This brochure supplement provides information about Scott Christian Buchanan that supplements the Royal American Financial Advisor brochure. You should have received a copy of that brochure. Please contact our main office at (951) 679-2065 if you did not receive Royal American Financial advisor, LLC's brochure or if you have any questions about the contents of this supplement.

Additional information about Scott Christian Buchanan is available on the SEC's website at www.adviserinfo.sec.gov.

Table of Contents

<i>Educational Background and Business Experience</i>	1
<i>Disciplinary Information</i>	1
<i>Other Business Activities</i>	1
<i>Additional Compensation</i>	2
<i>Supervision</i>	2
<i>Requirements for State-Registered Advisers</i>	2

Educational Background and Business Experience

Form ADV Part 2B, Item 2

Name: Scott Christian Buchanan

Year of Birth: 1979

Formal Education after High School:

- San Jacinto Community College 1997-1998, 2003 & 2004 General Education
- American College (Certified Financial Planner curriculum completed) 2004 - 2006

Business Background for the Previous Five Years:

- Royal American Financial Advisors, LLC, Principal, 04/2004 to present
- Royal American Insurance Services, LLC, Principal, 04/2004 to present
- Capital Growth Resources, Registered Representative, 06/2007 to 07/2009

Disciplinary Information

Form ADV Part 2B, Item 3

No disciplinary actions or information.

Other Business Activities

Form ADV Part 2B, Item 4

A. Scott Buchanan is a Principal of the firm Royal American Financial Advisors, LLC, a fee only registered investment advisor and is not affiliated with a broker/dealer. To reduce potential conflicts of interest, Royal American advisors will not be dually registered as commission registered representatives of broker/dealers.

Insurance Agency Affiliation:

When a client or potential client has a need for life insurance and/or fixed annuities, Scott Buchanan may recommend fixed annuities and/or life insurance products to clients through Royal American Insurance Services, LLC. When recommending life insurance or fixed annuities, clients will receive a disclosure stating the affiliation with Royal American Insurance Services, LLC. Clients are not obligated to utilize Royal American Insurance Services, LLC or its products for their insurance product purchases.

It is understood that Royal American Insurance Services, LLC's agents will receive separate and typical compensation for any insurance and/or annuity implementations made by its clients. Commissions on life insurance and annuities are contractually fixed by the insurance company. The commission would be paid to an agent regardless of the agent chosen to facilitate a transaction.

Additional Compensation

Form ADV Part 2B, Item 5

Scott Buchanan and Royal American seek to avoid economic benefits from non-clients for providing investment advice or other advisory services to our clients. Scott Buchanan and Royal American has made it a policy not to accept any sales awards or prizes of monetary value based upon sales quotas or number of new accounts.

However, all of the custodians used by our clients provide Royal American with various data services, which may include file downloads, on-line services, rebalancing software, and cost basis software at a discounted fee or free of charge. They also provide us with services typically provided to institutional investment managers (which generally are not provided to retail customers). These services include duplicate client statements and confirmations; access to a trading desk serving adviser participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; and access to mutual funds with no transaction fees or commissions, of which some of these services benefit our clients.

Supervision

Form ADV Part 2B, Item 6

John Borger and Scott Buchanan are the principals of the advisory firm, Royal American Financial Advisors, LLC. Both are responsible for supervising the supervised person's of advisory activities on behalf of the firm. Both are responsible for reviewing each other's paperwork and recommendations to clients.

There is constant communication between the principals regarding recommendations and advice for the clients, and compliance issues. Activities are monitored on a daily basis as reports are prepared and recommendations are made to clients. E-mails are monitored and reviewed on a monthly basis. Suitability is reviewed prior to opening accounts, and as new account paperwork and advisory agreements are completed.

Contact information:

John Borger, Principal (951) 679-2065

Scott Buchanan, Principal (951) 679-2065

Requirements for State-Registered Advisers

Form ADV Part 2B, Item 7

A. Not Applicable.

B. Not applicable.

**Royal American Financial Advisors, LLC
A Registered Investment Advisor**

27192 Newport Rd., Suite 4
Menifee, CA 92584

(951) 679-2065 Office

(951) 679-2660 Fax

www.myinvestmentcoach.com

1/28/2012

**FORM ADV PART2 APPENDIX 1
WRAP FEE PROGRAM BROCHURE**

**The Armored Portfolios:
Armored Conservative
Armored World**

This wrap fee program brochure provides information about the qualifications and business practices of Royal American Financial Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at (951) 679-2065. 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.

Additional information about Royal American Financial Advisors, LLC is also available on the SEC's website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for Royal American Financial Advisors, LLC is 111192 .

Royal American Financial Advisors, LLC is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

SUMMARY OF MATERIAL CHANGES

Royal American Financial Advisors, LLC's Wrap Fee Program Brochure has been updated with the following material changes that have occurred since the last annual update of our Wrap Fee Program Brochure on 02/19/2011.

This section is only for material changes since the last update.

Please see the full ADV Part 2A Appendix 1 for complete details on our Wrap Fee Program Brochure.

This is the annual updating amendment for year 2012.

There are no material changes.

Table of Contents

<i>Services, Fees and Compensation</i>	1
<i>Account Requirements and Types of Clients</i>	4
<i>Portfolio Manager Selection and Evaluation</i>	4
<i>Client Information Provided to Portfolio Managers</i>	12
<i>Client Contact with Portfolio Managers</i>	12
<i>Additional Information</i>	12
<i>Requirements for State-Registered Advisers</i>	17

Services, Fees and Compensation

Form ADV Part 2A, Appendix 1, Item 4

A. Royal American Financial Advisors, LLC (the Advisor) provides Investment Supervisory and Management Services through clearing arrangements with discount or full service broker/dealers and/or trust companies to hold and value account owner's securities, and/or through various insurance companies that allow for the management and valuation of account owner's variable annuity accounts. Royal American Financial Advisors, LLC will not act as a custodian for any account and utilizes custodian services of companies such as TD Ameritrade, Charles Schwab, or directly at mutual fund companies, for the custody of all account owner's funds and securities.

Armored Portfolio Discretionary Advisory Accounts:

Royal American will manage different model portfolios on a discretionary basis. The client's assets will be held at TD Ameritrade. The models may consist of mutual funds, exchange traded funds, and/or closed end funds only. Each client has the ability to impose reasonable restrictions on the management of the account. There is no pooling of client's assets. Each client will have a separate account at the custodian. Current holdings and allocations are subject to change at any time, without notice.

DISCRETIONARY ACCOUNT AUTHORITY

When the client grants Royal American discretionary authority, it is agreed by the client and Advisor that the Advisor shall supervise and direct investments of and for the client's account on a discretionary basis, without prior consultation with the client. The discretionary authority is subject to such limitations and restrictions the client may impose to the Advisor, in writing, in the advisory agreement. The Advisor's discretionary authority is also subject to the portfolio goals and objectives as agreed upon by the Advisor and the client.

Discretionary authority makes the Advisor the agent (and attorney-in-fact) with limited power and authority in connection with the client's account (to buy, sell, exchange, convert, and otherwise trade in all securities or cash as the Advisor may select).

The client approves the discretionary authority by signing a discretionary investment advisory agreement with Royal American, and limited power of attorney with the custodian or broker/dealer on a new account application. This authority shall continue until written cancellation by the client or the Advisor.

The Annual Fee for Total Assets Under Management is 1.0%

The Advisor is the manager. There are no additional manager fees from the client to the Advisor for investing in the portfolios. The Advisor may make amendments to this schedule of fees at any time with sufficient written notice to the client. Fees are paid quarterly in advance.

For investment allocation services and Platinum Plus advisory services, the client authorizes the Advisor's fee to be paid directly from the client's account held by an independent custodian. Fees will be noted on the client's quarterly statement from the custodian. The Advisor will also send a quarterly fee statement showing the amount of the advisory fee, the value of the client's assets upon which the fee was based, and the manner in which the Advisor's fee was calculated. Advisory fees are billed quarterly in advance.

Clients should take a moment to verify the accuracy of the fee calculation. The custodian of the account will not verify the accuracy of these fee calculations. Should there be any questions regarding the invoice or fee calculation, contact us at (951) 679-2065.

Fee Calculation:

The advisory fee for the starting partial quarter is waived. Advisory fees for the first full quarter (and beyond) are billed in advance and are calculated according to the fee schedule in the advisory agreement. The calculation is based upon the fair market value of Portfolio Assets in the account, as shown on the quarter end statement provided by the custodian. This value is then multiplied by the annual advisory fee divided by four. This result is the amount due the Advisor as compensation for the next quarterly period. Fees are negotiable depending upon other factors, such as account size.

Platinum Plus Investment Advisory Services:

Royal American offers flat fee advisory services for high net worth individuals with investable assets of \$1,000,000 and up. The annual fixed (flat) fee is billed in advance on a quarterly basis. The billable amount is first determined by adding the total of all investable assets. The annual fee is then determined, and agreed to in writing, in the advisory agreement. The quarterly fee is determined by dividing the annual flat fee by four.

Flat Fee Structure for Platinum Plus Services:

Investable assets \$1,000,001 to \$3,000,000: \$2,500 per quarter flat fee

Investable assets \$3,000,001+ shall have negotiated flat-fees

Any account, or portion of the client's investable assets, may be discretionary or non-discretionary as determined by the client at the time the advisory agreement is made. The advisory agreement may be amended in writing with both parties signing a new agreement with changes made. The client may place reasonable restrictions in writing on the discretionary portion of the Platinum Plus Investment Advisory Services. We will limit the availability of the Platinum Plus program to 40 clients to help assure quality service.

TERMINATIONS AND REFUNDS

Advisory fees are billed in advance. Investment advisory agreements may be terminated at any time by either of the parties upon written notice to the other. Said termination shall be effective immediately, or on an agreed upon date. Since fees are billed in advance, any accounts closed during the middle of a quarter will be refunded the advisory fee paid from the closing date to the end of the quarter based upon the total days remaining in the quarter. The daily amount to be refunded to the client will be determined by the amount the client paid in advance for the full quarter, and divided by the total days in the quarter.

B. The client may be able to execute the same types of transactions and pay lower transaction fees at other qualified broker/dealers. Although Royal American seeks competitive rates, it may not necessarily obtain the lowest possible commission rate or transaction fee. Transaction fees and/or other fees charged by custodian are in addition to advisory fees.

Royal American trades primarily in no commission and no transaction fee mutual funds on behalf of clients. For purchases and sales of securities other than mutual funds, Royal American acknowledges that clients may be able to obtain lower brokerage transaction or custody fees with other brokerage firms or custodians than those recommended by Royal American. However, Royal American believes that the arrangements it has in place with the discount broker TD Ameritrade, generally provide best execution for clients, quality services, and good pricing. The client may pay more or less by purchasing services separately.

C. Nominal transaction fees, and/or other fees charged by the custodian, are in addition to advisory fees. Fees and charges will be noted on the client statements and/or confirmations. Clients may incur certain charges imposed by third parties in connection with their investments including, but not limited to, mutual fund fees or commissions, surrender charges, deferred sales charges, 12(b)-1 fees, variable annuity sales commissions, qualified retirement account fees, spread costs, and transaction ticket charges.

These additional fees may be charged by third parties by owning a particular mutual fund, and/or opening or closing an account, and/or annual account fees, and/or buying or selling a security. Spread costs may be paid when buying or selling ETFs or closed end funds. Royal American tries to keep additional fees to a minimum, by whenever possible, using discount brokers for custody of client assets, using no transaction fee mutual funds, using mutual funds with no deferred sales charges, reducing trading activity, and using no load or load waived (no commission) mutual funds.

When possible, the Advisor will aggregate buy or sell transactions (block trading), for multiple accounts in the same security, on the same day with the directed broker. The Advisor will execute block trading where the following conditions are met: All clients receive equal treatment.

If block trading or aggregation is not possible, some clients may receive better pricing than other clients when trading the same security at or around the same time of day. This is not an issue with securities that have end of day pricing for everyone (such as mutual funds).

D. The person(s) recommending the portfolios to the clients receives a fee according to the fee schedule agreed upon in the advisory agreement. The Advisor is the Manager. There are no additional manager fees from the client to the Advisor for investing in the portfolios. The Advisor fee schedule is the same whether investing in the portfolios or outside the portfolios. There is no additional financial incentive to recommend investing in the portfolios over investing outside the portfolios.

Account Requirements and Types of Clients

Form ADV Part 2A, Appendix 1, Item 5

Royal American Financial Advisors, LLC primarily advises individual, trust, and estate clients.

Minimum Account Size

Royal American Financial Advisors, LLC requires an account minimum of \$50,000.

However, Royal American may choose to reduce the account minimum based upon certain criteria including, but not limited to, anticipated future earning and saving capacity, anticipated future additional assets, related accounts, etc.

Royal American serves both the small investor with asset allocation services and investments, and the high net worth investor with Royal American's Platinum Plus services.

The minimum portfolio size for our flat fee Platinum Plus services is \$1,000,000.00.

Portfolio Manager Selection and Evaluation

Form ADV Part 2A, Appendix 1, Item 6

A. Advisor, Manager and/or Fund Selection

Royal American reviews and selects funds, and/or managers for its Armored Portfolios based upon a variety of criteria. Some of the most important criteria being, but not limited to, diversification of asset classes, turnover ratio, consistency in the fund's category over a period of years, all things being equal a lower expense fund, risk measurements, the experience of the manager, the tenure of the manager, a change in the objective of the fund, the category of the fund, etc. Royal American does not make asset allocation decisions based on the conditions of the economy or the markets. We may replace the fund or manager if any of our criteria are not being met over several quarters.

Main Sources of Information For Investment Selection

Royal American utilizes computer software from Morningstar Advisor Workstation that generates portfolio snapshots and important details on each portfolio and individual holding for analysis by Royal American. Morningstar Advisor Workstation software is updated monthly and is paid for by Royal American with hard dollars directly from our firm.

1. Performance Reporting: We do not publically report performance because an individual client's account may differ from the tracking accounts for a variety of different reasons. Upon request, actual

annual and/or year to date real-time performance results will be provided by Royal American to a client on the tracking accounts. The results will represent a separate continuously managed account in each of the Armored Portfolio strategies.

All results include reinvestment of dividends, capital gains and other earnings, but do not consider tax effects. The results are net of a 1.00% maximum annual management fee (billed quarterly), and applicable account transaction and custodial charges, and the separate fees assessed directly by each unaffiliated mutual fund holding that comprised the program. Due to timing of investments, fee breakpoints, periodic rebalancing, withdrawals and deposits, a client's actual returns may be more or less than the tracking accounts. The investments that resulted in the performance reported included securities and investment strategies that we may not use in the future. Past performance not an indication of future performance. The performance information is not reviewed by a third party. There are no third-party reviews of the portfolio manager performance calculations. Performance information may not be calculated on a uniform and consistent basis.

B. Advisor Acting As A Portfolio Manager Conflicts of Interest

Royal American Financial Advisors, LLC (the Advisor), also acts as the portfolio manager. Royal American seeks to avoid potential conflicts of interest, so there are no additional manager fees from the client to the Advisor for investing in the portfolios.

The Manager and the Advisor are the same and are subject to the same selection and review process.

C. Advisor Acting As A Portfolio Manager Additional Information

Advisory Business

Royal American Financial Advisors, LLC provides Investment Supervisory Services through clearing arrangements with discount or full service broker/dealers and/or trust companies to hold and value account owner's securities, and/or through various insurance companies that allow for the management and valuation of account owner's variable annuity accounts. Royal American Financial Advisors, LLC will not act as a custodian for any account and utilizes custodian services of companies such as TD Ameritrade, Charles Schwab, or directly at mutual fund companies, for the custody of all account owner's funds and securities.

Royal American's investment advice will be mostly limited to investment allocation services, primarily in mutual funds and/or exchange traded funds. Royal American does not believe stock picking or market timing can reliably enhance long term returns (and may even be detrimental), because these activities require a forecast of the future. These activities increase risk and add unknown and unnecessary risks. Royal American will not provide stock picking or market timing, or other similar services. Royal American does not believe anyone can reliably predict or forecast the future over the long term, and that investors and advisors that engage in these activities, increase risk and reduce potential long term returns.

Client Education and Investor Coaching

Royal American believes that investor education and coaching is critical to lifetime investment success. We believe that investment education and investor coaching is the best defense to imprudent investing and costly investor behavior issues. Royal American provides clients consistent and ongoing education and investor coaching with educational videos on our website, www.myinvestmentcoach.com, and with investor educational classes online or at our conference center in Menifee, CA, or other outside locations from time to time. Royal American believes that imprudent investor behavior is one of the biggest costs investors face during a lifetime of investing. We will provide ongoing educational and investor coaching services in groups and online as part of our advisory services to help investors avoid the potential for costly investor behavior.

Consultations

Royal American Financial Advisors, LLC is available for independent investment or financial consultations to the general public. Fees for a financial consultation are charged at \$250.00 per hour. Fees are negotiable and initial consultations are usually done at no cost. The amount of time needed for the consultation will be estimated in writing, in advance.

Consultations are available for:

- **Independent third party investment advice:** Investment analysis of your advisor's or broker's investment recommendations analyzed by a third party before investing. We will help you determine the advantages, disadvantages, costs, and risks of any particular investment you have been offered.
- **Independent third party financial advice:** If you are confused about what has been recommended to you by an advisor, broker, or planner, we can analyze your recommendations and give you an unbiased opinion of the advantages and disadvantages of the recommendations to help you make an informed decision. We will show you what to look for and the important questions to ask your advisor.

Platinum Plus Investment Advisory Services:

Royal American offers flat fee advisory services for high net worth individuals with investable assets of \$1,000,000 and up. We will limit the availability of the Platinum Plus program to 40 clients.

Any account, or portion of client's investable assets, may be discretionary or non-discretionary as determined by the client at the time the advisory agreement is made. The advisory agreement may be amended in writing with both parties signing a new agreement with changes made. The client may place reasonable restrictions in writing on the discretionary portion of the Platinum Plus Investment Advisory Services.

Benefits of the Platinum Plus Advisory Service may include:

- Reduced fees due to flat fee structure.
- Reduced potential conflicts of interest due to flat fee structure.

- Monitoring of client's other advisors (behind the scenes or in the open) to help the client ask important questions and make important decisions regarding third party advisor recommendations.
- Screening of investment opportunities often pitched to high net worth individuals for advantages and disadvantages.
- Ability of the Advisor to offer unbiased investment advice because decisions by the client will not (in most cases) effect our compensation.

Portfolio Selection

Prior to selecting a portfolio allocation, the Advisor will help the client determine the most suitable portfolio(s) and/or make specific recommendations by obtaining the appropriate financial and personal information from the investor. This may include (but not limited to) things like investment time horizon, investment experience, title and ownership of assets, net worth, risk tolerance, insurance situation, tax considerations, current income, current assets, current debt, financial needs, as well as any reasonable restrictions that the client wishes to impose upon the management of the portfolios. **Note: All of the items above may not be necessary to determine the proper portfolio allocation for the client.**

The Advisor helps the client determine the proper portfolio with information provided by the client at the time of the initial portfolio selection. **Thereafter, it remains the client's responsibility to advise the Advisor and/or Royal American of any changes in the client's financial situation or objectives that may impact the need to change the investment strategy, such as the need to reduce risk.**

ADVISORY SERVICES TAILORED TO INDIVIDUAL AND RESTRICTIONS

The Advisor helps each client determine the appropriate portfolio for their risk category by helping the client to evaluate their time horizons, investment objectives, and by showing the historical volatility measurements (standard deviation) of the various model portfolios. See page 7, Portfolio Selection for additional details.

Unsupervised Assets

Clients may hold certain securities in their brokerage accounts in which Royal American does not provide investment advisory services ("Unsupervised Assets"). Royal American will request that any such client confirm in writing the identity of any Unsupervised Assets in advance, in the advisory agreement. Royal American does not provide investment advisory services of any kind with regard to Unsupervised Assets and no investment advisory fee will be charged on such assets. Royal American will have no duty, responsibility or liability with respect to the Unsupervised Assets and will not take the Unsupervised Assets into consideration when managing the portion of the account for which it provides investment advice. Unsupervised Assets will be locked from trading until client instructs Royal American to sell the Unsupervised Assets and rebalance into the supervised allocation.

Client Restrictions

The client may impose reasonable restrictions on the account, in writing, in advance, in the advisory agreement.

Manager Restrictions

The Manager will not invest in derivatives, short sales, options, or margin transactions.

Performance-Based Fees and Side-By-Side Management

Royal American Financial Advisors, LLC does not accept performance based fees.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Methods of Analysis

See page 5, item 6, section A:

- Advisor, Manager and/or Fund Selection, and
- Main Sources of Information For Investment Selection

Investment Strategies

Armored Conservative Portfolio

Category: Conservative Income & Growth

The Armored Conservative Portfolio consists of conservative and/or moderate allocation strategies. The Armored Conservative Portfolio is a diversified portfolio of stocks, bonds, cash, currency, commodities, and real estate (both domestic and international), with a greater weighting towards fixed income and domestic equity than the Armored World Portfolio.

Armored World Portfolio

Category: Balanced Growth

The Armored World Portfolio consists of conservative, moderate, and/or world allocation strategies. The Armored World Portfolio is a diversified portfolio of stocks, bonds, cash, currency, commodities, and real estate, both domestic and international.

Investment Policy Statement and Investment Policy Guidelines

An Investment Policy Statement will be established with each new client to conform to the client's investment objectives. The purpose of the statement is to clarify responsibilities (for both the Advisor and the client), and establish guidelines and standards for the prudent investment of the client's assets. These guidelines provide stability in the portfolio's management to guide the Advisor in selecting the appropriate holdings for the portfolio's stated goals and objectives. This policy-driven approach helps to reduce the client's and investment manager's tendency to act impulsively during volatile markets. The policy also provides parameters for the portfolio by setting standards for selecting appropriate investment holdings. Finally, the Investment Policy Statement is a crucial tool for setting and establishing expected portfolio standards and goals.

DUTIES AND RESPONSIBILITIES OF THE ADVISOR AND THE CLIENT

Duties and Responsibilities of the Client

The client must provide the Advisor with all relevant information on financial condition, net worth, and risk tolerances, and must notify the Advisor promptly of any changes to this information. The Investor should read and understand the information contained in the prospectus of each mutual fund in the Portfolio selected.

It is the responsibility of the client to ignore short term market fluctuations, remain a disciplined investor, control emotions, and focus on the time horizon necessary to obtain the potential portfolio objectives.

Duties and Responsibilities of the Investment Advisor

Royal American Financial Advisors, LLC (the Advisor) is responsible for assisting the client in making an appropriate portfolio selection decision based on the particular needs, objectives, and risk profile of the client. The Advisor will be available on a regular basis to meet with the client and periodically review the Portfolio for suitability based on information provided by the client. The Advisor is responsible for keeping the risk profile in line with the investment objectives of the Armored Model Portfolios.

It is also the responsibility of the Advisor to help the client ignore short term market fluctuations, remain a disciplined investor, control emotions, and focus on the time horizon necessary to obtain the potential portfolio objectives through ongoing communications and education on the Advisor's website www.myinvestmentcoach.com, and other forms of communications from the Advisor.

Communications and Reporting

Royal American is responsible for frequent and open communications with the client on all significant matters pertaining to investments including: (1) any major changes in investment strategy and portfolio structure, and (2) fee reports on a calendar quarter basis.

Time Horizon and Frequent Trading

The time horizon for portfolio evaluation and performance measurement is 3 to 5 years for the Conservative Income and Growth objective and 5 or more years for the Balanced Growth objective, to encompass at least one market cycle. Investing for a shorter time horizon can add additional risks that objectives may not be met.

In order to keep costs down and taxes lower, Royal American does not implement frequent trading strategies. Frequent trading increases transaction costs and taxes which can also reduce performance. Royal American believes that frequent trading also increases risks associated with market timing and stock picking, as they both require a forecast of the future. Royal American does not believe anyone can reliably forecast the future over the long term, and that investors and advisors that engage in these activities, increase risk and reduce potential long term returns.

Weighting

The percentages of asset classes will vary, depending upon the percentages in the individual fund holdings. Royal American will generally keep equity (stock) exposure below 60% in the Balanced Growth objective and less than 40% in the Conservative Income & Growth objective. The remaining percentages will be in other asset classes such as bonds, cash, currency, commodities, and real estate, both domestic and international. These weightings are guidelines and actual percentages may vary within reasonable parameters.

Market Timing

When implementing our strategies and selecting a portfolio, the client acknowledges the futility of short-term trading as embodied by market timing and trying to forecast (or predict) the future. The client also acknowledges the additional risks inherent with these strategies, like selling at market lows and buying back in when markets are higher, due to human emotions. Royal American will not engage in market timing strategies, and instead use rebalancing strategies to manage risk and manage potentially costly investor behavior.

Rebalancing

Rebalancing techniques will be used to establish target percentages in each investment and acceptable deviation from targets will be set. Royal American will seek to rebalance this portfolio in a low cost fashion. Rebalancing will be employed to first keep portfolio risk parameters in line. When Royal American rebalances an account, it sells holdings that are appreciating in value to buy other holdings that may be declining in value. This investment philosophy helps the portfolio to be positioned in various asset types so that when the asset type becomes profitable, the account is positioned to take advantage of the upturn.

Money Market Funds

Money market funds may comprise from approximately 3% to 5% of the portfolio's assets for risk reduction, liquidity and diversification. These percentages are guidelines and actual percentages may vary within reasonable parameters. These percentages do not include money market or cash that may be held in the funds within the portfolios. Money market holdings may reduce total returns in rising stock markets. Money market funds also reduce portfolio risk and volatility. Money market funds can also aid a rebalancing strategy by having cash available. This allows us to rebalance some cash into stocks during down periods. This could slightly enhance the return potential during recovery periods and also potentially shorten the time period for recovery.

Diversification

The portfolios will seek to reduce risk and volatility by diversifying and investing in funds that may contain stocks, bonds, cash, currency, commodities, and real estate, both domestic and international. The portfolio is designed for investors that want to invest in the stock and bond markets, but desire smoother returns when compared to a 100% stock portfolio. Offsetting correlation of asset classes are included to help reduce portfolio volatility and risk when possible. Investing in one asset class (a non-diversified portfolio) increases risk and may cause large portfolio losses. Therefore, diversification is used to reduce the risk that any one asset class may cause large portfolio losses. However, diversification may also reduce shorter term returns, as there may be one or more asset class in a diversified portfolio that may not be performing well. Even so, we believe that it is still more prudent for an investor to remain diversified for a lifetime than to speculate in a non-diversified portfolio.

Manager Restrictions

The Manager will not invest in derivatives, short sales, options, or margin transactions.

Risk of Loss and Material Risks

The portfolios seek to deliver capital preservation with some capital growth above inflation over the stated time horizon. Inflation risk (loss of future purchasing power) is an important risk factor and moderate equity exposure and short-term volatility is acceptable to offset this risk. The portfolio will therefore take appropriate risk in order to try to achieve this goal.

Risk of capital loss is of primary concern. Therefore, the portfolios will be diversified among many asset classes in an effort to reduce volatility and risk when compared to a 100% equity portfolio. However, risk of capital loss cannot be eliminated. Portfolio goals and objectives cannot be guaranteed and may or may not be achieved. The investor must be willing to accept periods of negative returns in order to obtain potential longer term average returns.

No single investment guarantees both the greatest returns and absolute protection from all risk. Royal American recognizes that there are two basic goals: (1) Capital growth, and (2) Preservation of capital. The different investment portfolios we provide, allow you to choose how much emphasis you want placed on growth and how much on preservation of capital by reducing the risk of capital loss. Each involves a different approach to managing your funds in order to reach your goal. Some portfolios have more volatility and risk than others. Careful selection should be made so the client can remain disciplined through the inevitable downside volatility.

Investing involves risk of loss. Clients should be prepared to hold their portfolios through inevitable downside volatility in these risk portfolios in order to capture the potential for longer term average returns. Our managers strive to reduce risk through the appropriate risk category for each individual client, as well as diversification and rebalancing strategies. However, there will be periods of negative returns in the overall portfolios. You may receive more or less than the amount invested when redeeming shares.

Types of Assets and Other Material Risks

The types of assets will primarily include the use of mutual funds, but may also include the use of exchange traded funds, and/or closed end funds. The equity funds will be diversified across large-and-small company stocks (domestically and internationally) with an emphasis on value stocks (potentially undervalued stocks given the financial strength of the company). The bond allocation (fixed income) will emphasize shorter term maturities (5 years or less) to reduce risk and volatility. However, the portfolios may also have some higher risk bond exposure in intermediate terms and international bonds.

The Armored Portfolios will diversify by investing in funds that may contain stocks, bonds, cash, currency, commodities, and real estate, both domestic and international. There are additional risks when investing globally and in high book to market stocks, such as value investing strategies.

Royal American believes it is better to remain diversified globally and that with this diversification, risk can be reduced over time with discipline and rebalancing strategies. However, there may be times when global investments underperform domestic markets for extended periods of time. Likewise, there may be periods of time when value investing underperforms growth investing strategies for extended periods of time.

Royal American believes these periods of time cannot be determined in advance and it is the primary reason for implementing diversification and rebalancing strategies. This can help to avoid the guess work and the additional risk that comes with trying to forecast the future, and then attempting to pick the asset classes in advance based upon this forecast.

Voting Client Securities

Royal American Financial Advisors does not retain the authority to vote client securities. The Advisor claims no ownership rights, by virtue of its advisory relationship, to any client securities. Each client retains all incidental rights of ownership, including the right to vote on issues concerning the securities in the client's account.

The Advisor shall have no authority or obligation to take any action or render any advice with respect to the voting of proxies. Clients may call Royal American for general advice on where to get more information. Clients will receive their proxies directly from their custodians or transfer agents.

Client Information Provided to Portfolio Managers

Form ADV Part 2A, Appendix 1, Item 7

Royal American Financial Advisors, LLC is the Advisor and also acts as the Portfolio Manager. Therefore, the Portfolio Manager receives all the same information about the clients, at the same time as the Advisor.

Client Contact with Portfolio Managers

Form ADV Part 2A, Appendix 1, Item 8

There are no restrictions on the ability of the clients to contact the Advisor or Managers. Each mutual fund company within the portfolio may have their own restrictions on contacting and consulting their individual fund managers.

Additional Information

Form ADV Part 2A, Appendix 1, Item 9

Disciplinary Information

No disciplinary actions or information.

Other Financial Industry Activities and Affiliations

A. Royal American Financial Advisors, LLC is a fee only Registered Investment Advisor and is not affiliated with a broker/dealer. To reduce potential conflicts of interest, Royal American advisors will not be dually registered as commission registered representatives of broker/dealers.

B. Royal American Financial Advisors, LLC or its advisors are not registered, or do not plan on becoming registered as a futures commission merchant, commodity pool operator, or commodity trading advisor.

C. Related Persons

Real Estate Affiliation:

John Richard Borger also acts as a Real Estate Broker under the business name of Realty Masters. It is estimated that he will spend less than 2% of his time on these activities. John maintains his real estate brokers license primarily for ongoing education and to benefit his clients that have general questions about real estate.

Law Firm Affiliation:

Royal American is not affiliated with any law firm. Royal American Financial Advisors, LLC does not give legal advice and only utilizes independent law firms for asset protection and estate preservation services. These services may include, but not limited to, family limited partnerships, formation of corporations or limited liability companies, revocable living trusts, charitable remainder trusts, irrevocable life insurance trusts, and the like. Attorneys offered to clients to provide legal advice will be paid separate and typical compensation. However, no client is obligated to use any of these individuals to provide legal services. Royal American will not receive any compensation from any law firms.

Insurance Agency Affiliation:

When a client, or potential client, has a need for life insurance and/or fixed annuities, Royal American Financial Advisors, LLC may recommend fixed annuities and/or life insurance products to clients through Royal American Insurance Services, LLC. When recommending life insurance or fixed annuities, clients will receive a disclosure stating the affiliation with Royal American Insurance Services, LLC. Clients are not obligated to utilize Royal American Insurance Services, LLC or its products for their insurance product purchases. It is understood that Royal American Insurance Services, LLC's agents will receive separate and typical compensation for any insurance and/or annuity implementations made by its clients. Commissions on life insurance and annuities are contractually fixed by the insurance company. The commission would be paid to an agent regardless of the agent chosen to facilitate a transaction.

D. Royal American may recommend other third party advisors or money managers from time to time. We reduce, or eliminate, this potential conflict of interest, by maintaining the same fee structure payable to Royal American, whether managed by us, or a third party manager. All fees are disclosed.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

A. As a Registered Investment Advisor, Royal American Financial Advisors, LLC and its advisors are fiduciaries. It owes its clients the highest duty of loyalty and relies on each employee to avoid conduct that is or may be inconsistent with that duty.

Basic Principles

This Code is based on a few basic principles that should pervade all investment related activities of all employees, personal as well as professionals:

- The interests of the Advisor's clients come before the Advisor's or any employee's interests.
- Each employee's professional activities and personal investment activities must be consistent with this Code of Ethics and avoid any actual or potential conflict between the interests of clients and those of the Advisor or the employee.
- Those activities must be conducted in a way that avoids any abuse of an employee's position of trust with and responsibility to the Advisor and its clients, including taking inappropriate advantage of that position.

Royal American will provide a copy of our Code of Ethics to any client or prospective client upon request.

B. Royal American does not sell or recommend to clients securities that we, or a related person, has a material financial interest.

C. Advisors may (and are encouraged to) invest in the same model portfolios we recommend to our clients, primarily in mutual funds and in the model portfolios. Royal American does not believe this is a conflict of interest and demonstrates the strength of our convictions in our recommendations.

To the extent there may be a conflict of interest, we have adopted the following policies on personal account trading.

Personal Account Trading and Investment Policy

It is the Advisor's policy to impose specific requirements related to each advisor's (and covered person's) personal trading and investment activity. The Advisor's policy is to consider the effects of various types of trading, including short term trading and trading in initial public offerings, as a potential conflict of interest. Similarly, the Advisor may impose specific requirements related to investments in private placements, if any. Personal securities transactions when investing in securities (other than mutual funds), must be approved by a principal of the firm in advance.

Approval may be refused for any proposed trade by an employee that:

- Involves a security that is being (or has been) purchased or sold by the Advisor on behalf of any client account or is being considered for purchase or sale (other than mutual funds).

- Is otherwise prohibited under any internal policies of the Advisor (such as the Advisor's Policy and Procedures to Detect and Prevent Insider Trading)
- Breaches the employee's fiduciary duty to any client
- Is otherwise inconsistent with applicable law, including the Advisers Act and the Employee Retirement Income Security Act of 1974, as amended
- Creates an appearance of impropriety

D. Since model portfolios managed by Royal American (for the most part) only contain mutual funds with end of day pricing, allocation and pricing issues are seldom, if ever an issue. If there are buys or sells at or about the same time for securities other than mutual funds with end of day pricing, then block trades will be executed whenever possible. All clients and advisors (or related persons) will be treated equally in any block trade. If a block trade is unavailable, or not practical, the client transaction will be given priority and completed first before an advisor (or related person) transaction in the same security.

Royal American Financial Advisors, LLC will maintain a list of all securities holdings for itself and for advisors and employees of the company. These will be reviewed on a quarterly basis by principals of the company for potential violations of our policy.

Review of Accounts

A. Brokerage accounts are reviewed on a daily basis for cash flows and transactions. A principal of the firm will continuously review underlying securities and/or managers in each model portfolio no less frequently than on a monthly basis. Advisory personnel periodically meet to determine if any changes in the portfolios are necessary, and if so implement those changes. Accounts are also reviewed on a quarterly basis for necessary rebalancing, and rebalanced when deemed necessary by the portfolio manager. Rebalancing is accomplished by reallocating assets to the original asset targets.

Changes in the portfolio, which include adding, removing, or replacing securities at the discretion of Royal American, are made infrequently and are based on:

- Significant changes in the economic, financial, or political climate.
- Significant changes in the tax code.
- Changes in the management of the securities held inside the portfolios that no longer match the goals and objectives of the portfolio.
- Changes in the client's personal circumstances, including health, employment, financial, marital, and family status.
- Other relevant issues that may be unknown at the present time.

Royal American may replace a particular security if it significantly diverges from its original strategy in terms of risk or return, and/or holdings, and/or frequency of trading, and replace it with a security that is more in line with the previous risk/return profile, and portfolio goals and objectives.

Reviewers: John Borger and Scott Buchanan

Reviewers are Managing Members and principals in the company and have the responsibility of reviewing clients accounts and the portfolio allocations. Reviews and servicing are also conducted by client's Investment Advisor Representative, if other than the principals of the company.

B. Client reviews are conducted at least on an annual basis or when significant changes occur in a client's financial situation, or should market, economic, or political events dictate a basis for a client review, or when client requests a review. It is the client's responsibility to contact their Investment Advisor Representative when changes occur (of which the Advisor may be unaware), in their investment objectives, needs, goals and risk tolerance, to discuss their options and, if necessary, make changes to their portfolio.

C. Clients are provided with regular summary account statements directly from their custodian and/or broker/dealer for each account, on a monthly or quarterly basis, depending upon the custodian's procedure.

Client Referrals and Other Compensation

A. Royal American seeks to avoid economic benefits from non-clients for providing investment advice or other advisory services to our clients. Royal American has made it a policy not to accept any sales awards or prizes of monetary value.

However, all of the custodians used by our clients provide Royal American with various data services, which may include file downloads, on-line services, rebalancing software, and cost basis software at a discounted fee (or free of charge). They also provide us with services typically provided to institutional investment managers (which generally are not provided to retail customers). These services include duplicate client statements and confirmations, access to a trading desk for client services, access to block trading (which allows us to trade the same security in multiple accounts around the same time with equal pricing for all clients), the ability to have advisory fees deducted directly from client accounts, and access to mutual funds with no transaction fees or commissions, of which some of these services benefit our clients.

B. Solicitor Fees for Client Referrals

When a client is introduced to Royal American by either an affiliated or unaffiliated solicitor, Royal American may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state requirements.

The referral fee shall be paid solely from Royal American's investment management fee, and shall not result in any additional charge to the client. The fee you pay for the Advisor's services is the same whether you come to the Advisor directly, or place your business through a solicitor.

If the client is introduced to Royal American by either an affiliated or unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her relationship, and shall provide prospective client with

a written copy of Royal American's solicitor disclosure statement, and have the client sign a copy of the disclosure statement. Solicitor shall also provide a copy of Royal American's most current Form ADV Part 2A, Part 2A Appendix 1, and Part 2B. The written solicitor disclosure statement shall disclose to the client the terms of the solicitation arrangement between Royal American and the solicitor, including any compensation.

For its client solicitation and referral services, a solicitor may be eligible for a referral fee. This fee is to be paid quarterly from fees collected by the Advisor from the client that was referred by the solicitor. This fee may be up to 50% of the fee paid to Royal American Financial Advisors, LLC according to the Advisor's fee schedule in the advisory agreement signed by the client. The solicitor will not be compensated from any third party management fees, if any.

A solicitor is not a licensed Investment Advisor Representative. The solicitor cannot provide any general investment advice to you, and cannot recommend the purchase or sale of any security to fund your account. The solicitor is not authorized to provide investment advice to any client on behalf of Royal American Financial Advisors, LLC.

We do have Registered Investment Advisors at the office to help you with any advice you may need in assisting you with your transfer. We welcome your call: (951) 679-2065

Financial Information

Royal American Financial Advisors, LLC does not require prepayment of more than \$1,200 in fees per client, six months or more in advance.

This section is not applicable.

Requirements for State-Registered Advisers

Form ADV Part 2A, Appendix 1, Item 10

Royal American Financial Advisors, LLC, nor any of our management has any relationships or arrangements with any issuers of securities.

This section is not applicable.