

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

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2/15/2024

**FORM ADV PART 2 APPENDIX 1  
WRAP FEE PROGRAM BROCHURE**

**The Royal American Portfolios:**

**Royal American 35/65**

**Royal American 50/50**

**Royal American 60/40**

**Royal American 70/30**

**Royal American 85/15**

**Royal American Aggressive 100**

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](http://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 01/30/2023.**

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

**Please see the full ADV Part 2A Appendix 1 for complete details.**

**This is the annual updating amendment for year 2024, dated 02/15/24.**

### **Summary of Material Changes:**

The Annual Advisory Fee for total assets under management for advisory accounts with custody at discount brokers and insurance companies is 1.0%.

Platinum Plus Flat Fee Investment Advisory Services, Investable assets \$1,000,000 to \$1,500,000: \$2,500 per quarter flat fee. Investable assets \$1,500,001+ shall have negotiated flat-fees.

Royal American Financial Advisors, LLC requires an account minimum of \$250,000.

Insurance Agency Affiliation Royal American Insurance Services, LLC page 18.

You were provided a copy of the form ADV Part 2 when you first started your advisory account with us.

**Each year we are required to offer a copy of our most recent Form ADV Part 2A, 2B, and 2A Appendix 1. Our Form ADV Part 2A, 2B, and 2A Appendix 1 has been updated for 2023. Our current disclosures and information about our company are set in Form ADV and is available for your review and no charge upon request.** If you would like a copy please feel free to call our office at (951) 679-2065, or e-mail [scott@royalam.com](mailto:scott@royalam.com).

A copy of the ADV is also available on our website at [www.myinvestmentcoach.com](http://www.myinvestmentcoach.com) in the footer of each page. Or, you can visit the SEC's website to obtain more information about the firm and Form ADV at, <http://www.adviserinfo.sec.gov>.

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## ***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 discount brokers, or directly at mutual fund companies, and/or insurance companies, for the custody of all account owner's funds and securities.

### **Royal American Discretionary Advisory Accounts:**

Royal American will manage different model portfolios on a discretionary basis. The models may consist of mutual funds, exchange traded funds, closed end funds, and/or separate account 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.

### **Comparable Services:**

Comparable services for lower fees may be available at other sources and Clients may be able to execute the same types of transactions and pay lower transaction fees at other qualified broker/dealers.

**The Annual Advisory Fee for total assets under management for advisory accounts with custody at discount brokers and insurance companies is 1.0%.**

The Advisor is the Manager in the Royal American Portfolio allocations and the Royal American Low Cost Variable Annuity program allocations. 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**

**Standard Fee Calculation for Advisory Accounts**

Advisory fees 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. 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. If there are any questions regarding the invoice or fee calculation, contact us at (951) 679-2065.

**Platinum Plus Flat Fee 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 \$1,500,000: \$2,500 per quarter flat fee

Investable assets \$1,500,001+ 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. There may be additional one time flat fees for special projects requested by the Client, such as comprehensive estate planning. Our flat fee program is negotiable. The minimum investable assets and flat fee can be adjusted at the discretion of the Advisor, and may be available to clients with investable assets under \$1,000,000, including but not limited to other factors such as, scope of work, the complexity of client's financial circumstances, or length of time as a client of Royal American. Any additional fees will be disclosed and agreed upon in writing, in advance. We will limit the availability of the Platinum Plus program to 50 Clients per Advisor 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.** Comparable services for lower fees may be available at other sources and Clients 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 and ETFs 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 brokers we recommend, 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 and ETFs, 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 may 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 utilized, 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 \$250,000. 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.

The minimum portfolio size for our flat fee Platinum Plus services is \$1,000,000.00. However, the minimum investable assets and flat fee can be adjusted at the discretion of the Advisor, and may be available to clients with investable assets under \$1,000,000, including but not limited to other factors such as, scope of work, the complexity of client's financial circumstances, or length of time as a client of Royal American.

### ***Portfolio Manager Selection and Evaluation***

Form ADV Part 2A, Appendix 1, Item 6

#### **A. 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 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. Model allocations are subject to change without notice.

### **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 Royal American 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 and/or ETF 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. While deemed to be accurate, 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 discount brokers, or directly at mutual fund companies, and/or insurance 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](http://www.myinvestmentcoach.com), and with investor educational classes online, or at our client Investor Education events 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 mistakes from imprudent investor behavior.

### **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 per Advisor.

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.

## 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 \$375.00 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 and/or insurance advice:** If you are confused about what has been recommended to you by an advisor, broker, planner, or insurance agent, 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, broker, planner, or insurance agent about their recommendations and their recommended financial products. We will watch your financial back.

## 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 11, Duties and Responsibilities of the Advisor and the Client 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 provides written instructions to 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 directly in derivatives, short sales, options, or margin transactions. Some of the underlying funds may concentrate their investments in various industries or sectors and may have the authority to invest in derivative instruments, options, or futures, to seek to increase the return of the fund and to protect the value of its assets. While the goal is to reduce risk and/or increase return, the potential risk of using these instruments is reduced returns and increased risk.

### **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 item 6, section A:

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

## **Investment Strategies**

### **Royal American Brokerage Account Options (from lower risk to higher risk):**

**Note:** You may have a different objective in different accounts. You cannot combine models in the same account. Conservative investors are limited to Royal American 35/65 model.

#### **Royal American 35/65**

**Risk Objective Category:** Conservative Income & Growth (low to moderate risk only)

The percentages of asset classes will vary, depending upon the percentages in the individual fund holdings. Royal American will generally keep equity (stock) exposure approximately 35% in the Royal American 35/65 objective, both domestic and international, rebalancing back to targets on a quarterly basis, if necessary. These weightings are guidelines and actual percentages may vary within reasonable parameters.

#### **Royal American 50/50 & Royal American 60/40**

**Category:** Balanced Growth

The percentages of asset classes will vary, depending upon the percentages in the individual fund holdings. Royal American will generally keep equity (stock) exposure approximately 50% in the Royal American 50/50 objective and 60% in the Royal American 60/40, both domestic and international, rebalancing back to targets on a quarterly basis, if necessary. These weightings are guidelines and actual percentages may vary within reasonable parameters.

#### **Royal American 70/30**

**Risk Objective Category:** Long-Term Growth

The percentages of asset classes will vary, depending upon the percentages in the individual fund holdings. Royal American will generally keep equity (stock) exposure approximately 70% in the Royal American 70/30 objective, both domestic and international, rebalancing back to targets on a quarterly basis, if necessary. These weightings are guidelines and actual percentages may vary within reasonable parameters.

#### **Royal American Aggressive 85/15**

**Risk Objective Category:** Aggressive Risk

The percentages of asset classes will vary, depending upon the percentages in the individual fund holdings. Royal American will generally keep equity fund (stock) exposure approximately 85% in the Royal American Aggressive 85/15 objective, both domestic and international, rebalancing back to domestic and international targets on a quarterly basis, if necessary. The Aggressive Category may contain a money market fund with a balance of up to 2%. These weightings are guidelines and actual percentages may vary within reasonable parameters.

#### **Royal American Aggressive 100**

**Risk Objective Category:** Aggressive High Risk

The percentages of asset classes will vary, depending upon the percentages in the individual fund holdings. Royal American will generally keep equity fund (stock) exposure approximately 100% in the Royal American Aggressive 100 objective, both domestic and international, rebalancing back to domestic and international targets on a quarterly basis, if necessary. The Aggressive Category may contain a money market fund with a balance of up to 2%. These weightings are guidelines and actual percentages may vary within reasonable parameters.

## **Royal American Low Cost Variable Annuity Program Options (from lower risk to higher risk):**

**Note:** You may have a different objective in different accounts. You cannot combine models in the same account. Conservative investors are limited to Royal American 35/65 model.

### **Royal American 35/65**

**Category:** Conservative Income & Growth (low to moderate risk only)

The percentages of asset classes will vary, depending upon the percentages in the individual fund holdings. Royal American will generally keep equity (stock) exposure approximately 35% in the Royal American 35/65 objective, both domestic and international, rebalancing back to targets on a quarterly basis, if necessary. These weightings are guidelines and actual percentages may vary within reasonable parameters.

### **Royal American 50/50 & Royal American 60/40**

**Category:** Balanced Growth

The percentages of asset classes will vary, depending upon the percentages in the individual fund holdings. Royal American will generally keep equity (stock) exposure approximately 50% in the Royal American 50/50 objective and 60% in the Royal American 60/40, both domestic and international, rebalancing back to targets on a quarterly basis, if necessary. These weightings are guidelines and actual percentages may vary within reasonable parameters.

### **Royal American 70/30**

**Category:** Long-Term Growth

The percentages of asset classes will vary, depending upon the percentages in the individual fund holdings. Royal American will generally keep equity (stock) exposure approximately 70% in the Royal American 70/30 objective, both domestic and international, rebalancing back to targets on a quarterly basis, if necessary. These weightings are guidelines and actual percentages may vary within reasonable parameters.

### **Royal American Aggressive 85/15**

**Category:** Aggressive Risk

The percentages of asset classes will vary, depending upon the percentages in the individual fund holdings. Royal American will generally keep equity fund (stock) exposure approximately 85% in the Royal American Aggressive 85/15 objective, both domestic and international, rebalancing back to domestic and international targets on a quarterly basis, if necessary. These weightings are guidelines and actual percentages may vary within reasonable parameters.

### **Royal American Aggressive 100**

**Category:** Aggressive High Risk

The percentages of asset classes will vary, depending upon the percentages in the individual fund holdings. Royal American will generally keep equity fund (stock) exposure approximately 100% in the Royal American Aggressive 100 objective, both domestic and international, rebalancing back to domestic and international targets on a quarterly basis, if necessary. These weightings are guidelines and actual percentages may vary within reasonable parameters.

## **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 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 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 Model Portfolios. **It is also the responsibility of the Advisor to help the Client ignore short term market fluctuations, ignore forecasts and predictions of the future, and remain a disciplined investor by controlling emotions, and focusing on the time horizon necessary to obtain the potential portfolio objectives.**

Royal American Financial Advisors, LLC 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 Financial Advisors, LLC provides clients consistent and ongoing education and investor coaching **through ongoing communications and education, via newsletters, educational videos, educational emails, client Investor Education Events, the Advisor's website [www.myinvestmentcoach.com](http://www.myinvestmentcoach.com), and other forms of communications from the Advisor.** Royal American Financial Advisors, LLC 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 mistakes from imprudent investor behavior.

### **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**

Investing for a shorter time horizon than your chosen risk objective calls for, can add additional risks that objectives may not be met. Short term performance is of little relevance and performance goals should be measured over the stated objective's minimum time period. In order to keep costs down and taxes lower, Royal American Financial Advisors, LLC does not implement frequent trading strategies. Frequent trading increases transaction costs and taxes which can also reduce performance. Royal American Financial Advisors, LLC 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 Financial Advisors, LLC 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 the following equity (stock) exposure:

Royal American 35/65: Approximately 35%

Royal American 50/50: Approximately 50%

Royal American 60/40: Approximately 60%

Royal American 70/30: Approximately 70%

Royal American 85/15: Approximately 85%

Royal American Aggressive 100: Equity Fund Exposure 100% (may contain up to 2% in a money market fund)

The remaining percentages may 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.

### **Manager Restrictions**

The Manager will not invest directly in derivatives, short sales, options, or margin transactions. Some of the underlying funds may concentrate their investments in various industries or sectors and may have the authority to invest in derivative instruments, options, or futures, to seek to increase the return of the fund and to protect the value of its assets. While the goal is to reduce risk and/or increase return, the potential risk of using these instruments is reduced returns and increased risk.

### **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. Royal American uses systematic disciplined rebalancing strategies in order to eliminate the need to try to predict the future, and attempting to get in and out of the markets at the right time.

### **Money Market Funds**

Money market funds may comprise from approximately 2% 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 diversify and seek to reduce risk and volatility by investing in funds that may contain stocks, bonds, cash, currency, commodities, and real estate, both domestic and international. There may be additional risks when investing globally and in high book to market stocks, such as value investing strategies. However, Royal American Financial Advisors, LLC believes it is better to remain diversified globally, and with this additional diversification, risk can be reduced over time with discipline and rebalancing strategies. With a global strategy, there may be times when global investments underperform U.S. markets for extended periods of time, and vice versa. Likewise, there may be periods of time when value investing underperforms growth investing strategies for extended periods of time, and vice versa. Royal American Financial Advisors, LLC believes these periods of time cannot be determined in advance and it is the primary reason for implementing diversification and systematic disciplined 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. If you or anyone could predict the future, then diversification would not be necessary. Royal American Financial Advisors, LLC does not believe anyone can reliably forecast or predict the future, and therefore we believe diversification with rebalancing is a better and more prudent strategy to maintain over a lifetime than other strategies that require a forecast of the future. 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.

## **Risk of Loss and Material Risks**

### **Understanding the Investment Objectives**

No one investment guarantees both the greatest returns and absolute protection from all risk. Royal American Financial Advisors, LLC recognizes that your two basic goals are capital growth and preservation of capital. The investment objectives below 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.

#### **Conservative Income & Growth: Time horizon of 3 to 5 years.**

This objective is to minimize capital fluctuations while attempting to deliver a rate of return in excess of inflation as measured by the consumer price index (C.P.I.). The choice of this objective indicates a realization that the Account Owner's portfolio must stay ahead of inflation to make any real gains. While this approach will provide the least amount of capital fluctuation, the possibility of negative returns is not eliminated, only reduced. This approach does imply a substantial reduction of capital growth when compared to the stock market. **This objective fits with a time horizon of three to five years.** Investing for a shorter time horizon can add additional risks that objectives may not be met.

This portfolio will have reduced equity risk and exposure. Over the long-term, investors are subject to inflation risk. The focus is on lower volatility when compared to the balanced growth portfolio.

**Investment Risk:** While our managers strive to reduce risk through diversification, there will be periods of negative returns in the overall portfolio. Investing involves risk. You may receive more or less than the amount invested when redeeming shares.

#### **Balanced Growth: Time Horizon 5+ years.**

This objective has two purposes: to preserve capital and to obtain capital growth. This objective indicates a need for a balance between capital preservation and long-term growth, and will result in Royal American Financial Advisors, LLC choosing less volatile investment strategies than an investor would have with a 100% stock or stock fund portfolio. The risk will be greater when compared to the Conservative Income and Growth objective. The risk of capital loss and negative returns cannot be eliminated, but with this choice, your portfolio will be subjected to less capital risk than is characteristic of the stock market. **To achieve these returns, no less than a full economic market cycle (through recession and expansion) of five or more years is required.**

The focus is on lower risk and volatility when compared to a 100% equity non-diversified portfolio. The Balanced Growth objective seeks to provide much lower risk and more consistent performance than a stock fund portfolio by diversifying and investing in funds that may contain stocks, bonds, cash, currency, commodities, and real estate, domestic and international. The portfolio is designed for investors that want to invest in the stock and bond markets, but desire smoother returns. This portfolio will have lower returns than a rapidly rising stock market, and should have less downside than a rapidly falling stock market.

**Investment Risk:** While our managers strive to reduce risk through diversification, there will be periods of negative returns in the overall portfolio. Investing involves risk. You may receive more or less than the amount invested when redeeming shares.

**Long-Term Growth: Time horizon of 6 to 9 years.**

This objective provides a reasonably high rate of growth without the full degree of risk usually found in the stock market. The primary goal is long-term capital growth while the secondary goal is preservation of capital. In order to achieve long-term capital growth, greater volatility, including the risk of negative returns, will be encountered than with the choice of prior objectives. This objective does not, however, expose investors to the full capital risk of the stock market. Returns will not compare with the stock market on a year to year basis, but should be less volatile than stock market returns. **Six to nine years may be required to achieve this objective.** Investing for a shorter time horizon can add additional risks that objectives may not be met. Annual withdrawals may not be appropriate with this objective due to the short-term volatility of the stock market.

The focus is on lower risk and volatility when compared to a 100% equity non-diversified portfolio. The focus is on higher volatility and higher return potential when compared to the balanced growth portfolio. This portfolio will be medium to high risk with significant exposure to equities worldwide. Annual withdrawals may not be appropriate due to the volatility.

**Investment Risk:** While our managers strive to reduce risk through diversification, there will be periods of negative returns in the overall portfolio. Investing involves risk. You may receive more or less than the amount invested when redeeming shares.

**Aggressive Growth: Time Horizon 10+ years.**

Capital growth is the only goal in this objective. The investor must also accept the high degree of risk and volatility inherent in the stock markets. This 100% equity fund objective provides the greatest growth potential when compared to an allocation that contains a greater percentage of fixed income. This portfolio exposes the Account Owner to the greatest degree of volatility. The focus the Account Owner's portfolio will be primarily in equity funds to help produce better long-term returns. **This is a long-term investment strategy of at least ten years.** Investing for a shorter time horizon can add additional risks that objectives may not be met. Annual withdrawals may not be appropriate with this objective due to the short-term volatility of the stock market.

The Aggressive Category may contain a money market fund with a balance of up to 2%.

The focus is greater exposure to equity funds in the portfolio for maximum growth potential and little emphasis on short term capital preservation. The focus is on higher volatility and higher return potential when compared to the long-term growth portfolio. This portfolio will be high risk with significant exposure to equities worldwide. Subject to low inflation risk over the long-term. Annual withdrawals may not be appropriate due to the volatility.

**Investment Risk:** While our managers strive to reduce risk through diversification, there will be periods of negative returns in the overall portfolio. Investing involves risk. You may receive more or less than the amount invested when redeeming shares.

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. Portfolio goals and objectives cannot be guaranteed and may or may not be achieved.

### **Types of Assets and Other Material Risks**

The types of assets will primarily include the use of exchange traded funds, mutual 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 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.

There may be additional risks when investing globally and in high book to market stocks, such as value investing strategies. However, Royal American Financial Advisors, LLC believes it is better to remain diversified globally, and with this additional diversification, risk can be reduced over time with discipline and rebalancing strategies. With a global strategy, there may be times when global investments underperform U.S. markets for extended periods of time, and vice versa. Likewise, there may be periods of time when value investing underperforms growth investing strategies for extended periods of time, and vice versa.

Royal American Financial Advisors, LLC 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. If you or anyone could predict the future, then diversification would not be necessary. Royal American Financial Advisors, LLC does not believe anyone can reliably forecast or predict the future, and therefore we believe diversification with rebalancing is a better and more prudent strategy to maintain over a lifetime than other strategies that require a forecast of the future.

### **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 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:**

Royal American is not affiliated with any real estate agents or real estate firms.

#### **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 Financial Advisors, LLC, if no commission insurance products are available. If, in rare instances, there are commission based insurance products that are better for the client than comparable no commission insurance products, 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. 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, ETFs, 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, and/or ETFs with intra-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 may be executed. 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:** 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 offered quarterly and recommended annually, 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. The client waives their review option by default, when choosing to not complete their Annual Review Request Sheet mailed to the client each quarter. 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 and ETFs 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 \$500 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.