

## **Firm Brochure**

(Part 2A of Form ADV)

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This brochure provides information about the qualifications and business practices of AeGIS Financial Group, Inc. If you have any questions about the contents of this brochure, please contact us at: (480) 776-1445, or by email at: Mark@AeGISfingrp.com. 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 AeGIS Financial Group, Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

March 31, 2011

## Material Changes

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### **Annual Update**

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

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### **Material Changes since the Last Update**

The U.S. Securities and Exchange Commission issued a final rule in July 2010 requiring advisers to provide a Firm Brochure in narrative “plain English” format. The new final rule specifies mandatory sections and organization.

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### **Full Brochure Available**

Whenever you would like to receive a complimentary complete copy of our Firm Brochure, please contact us by phone at: (480) 776-1445 or by email at: [Mark@A&Gfingrp.com](mailto:Mark@A&Gfingrp.com).

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# Advisory Business

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## **Firm Description**

AēGIS Financial Group, Inc. (“AēGIS” or “Adviser”) provides discretionary and non-discretionary investment supervisory and asset management services, including initial consultations, planning and asset allocation consultations, portfolio supervision and periodic investment recommendations.

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## **Principal Owners**

Mark Stein is the sole owner and President of AēGIS Financial Group, Inc.

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## **Types of Advisory Services**

Specifically, AēGIS will provide the following investment management services to clients on a discretionary and non-discretionary basis:

- Collection and assessment of relevant client information.
- Guide client in defining personal investment objectives.
- Determine and maintain a suitable portfolio.
- Create a well-designed plan specific to your needs.
- Monitor and report investment performance to client.

Through the use of discussions, interviews and/or client questionnaires, AēGIS assists each client in determining investment goals and identifying risk tolerance levels. Once this process is complete, Adviser will develop a customized portfolio for the client using a mix of investment products. Client portfolios are diversified based upon their risk profile, investment horizon, financial goals, income (current and potential), and other various suitability factors. AēGIS will periodically review and update a client’s financial circumstances and investment objectives; however, it is client’s responsibility to notify Adviser of any material changes to their financial situation.

Clients who participate in a managed account will have assets held in a brokerage account(s) at Pershing or TD Ameritrade (collectively the “Broker/Dealers”). Clients authorize the Broker/Dealer to deduct all applicable fees from the clients account(s) as stated below and such fees will be clearly reported on the client’s statement(s). If the client chooses to be billed directly, client will make all checks payable to FSC Securities and mail to AēGIS for processing within 10 day upon receiving notification of payment due. In the event client fails to do so, AēGIS may deduct fees directly from the account(s). FSC Securities Corporation, AēGIS, investment advisory representative, Broker/Dealers and their agents, in connection with the

performance of their respective services, shall be entitled to and will share in the fee payable.

As of 12/31/2010, AēGIS Financial Group, Inc. manages approximately \$26,000,000 in assets for approximately 215 clients. Approximately \$0 is managed on a discretionary basis, and \$26,000,000 is managed on a non-discretionary basis.

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**Tailored Relationships**

The goals and objectives for each client are documented in our client relationship management system. Investment policy statements are created that reflect the stated goals and objective. Clients may impose restrictions on investing in certain securities or types of securities.

Agreements may not be assigned without client consent.

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**Types of Agreements**

The following agreements define the typical client relationships.

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**Financial Planning Agreement**

A financial plan is designed to help the client with all aspects of financial planning without ongoing investment management after the financial plan is completed.

AēGIS offers comprehensive planning services as well as targeted planning services. Services may include, but not limited to, comprehensive financial/life planning, education planning, retirement planning and asset/investment management. The services are specifically outlined by written agreement between Adviser and the client. All fees are negotiable subject to the discretion of management and are due upon presentation of the plan. For comprehensive planning, AēGIS may waive the planning fees if clients decide to implement their plan via Adviser's investment management programs.

These services are provided at an hourly rate of \$175 or for a fixed fee of up to \$3000. Hourly fees are billed monthly as services are rendered. The fixed fee is billed when the plan is delivered. All fees are negotiable.

In the event that the client's situation is substantially different than disclosed at the initial meeting, a revised fee will be provided for mutual agreement. The client must approve the change of scope in advance of the additional work being performed when a fee increase is necessary.

After delivery of a financial plan, future face-to-face meetings may be scheduled as necessary for up to one month. Follow-on implementation work is billed separately at the rate of \$175 per hour.

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**Advisory Service Agreement**

Most clients choose to have AëGIS Financial Group, Inc. manage their assets in order to obtain ongoing in-depth advice and life planning. All aspects of the client's financial affairs are reviewed, including those of their children.

Realistic and measurable goals are set and objectives to reach those goals are defined. As goals and objectives change over time, suggestions are made and implemented on an ongoing basis.

The scope of work and fee for an Advisory Service Agreement is provided to the client in writing prior to the start of the relationship. An Advisory Service Agreement includes: cash flow management; insurance review; investment management (including performance reporting); education planning; retirement planning; estate planning; and tax preparation, as well as the implementation of recommendations within each area.

The annual Advisory Service Agreement fee is based on a percentage of the investable assets according to the following schedule:

**Maximum Fees for Fee-Based Brokerage Accounts**

**Linear Schedule – Fee Charged is from Dollar One**

\$0	To	\$250,000	1.75%
\$250,000	To	\$500,000	1.40%
\$500,001	To	\$1,000,000	1.25%
\$1,000,001	To	\$2,500,000	1.00%
\$2,500,001	To	\$5,000,000	0.65%
\$5,000,001	And Above		0.60%

All fees are negotiable subject to management discretion. The minimum annual fee is \$1250 and is negotiable. The fee is exclusive of, and in addition to brokerage commissions, transaction fees, charges imposed directly by a mutual fund or exchange traded fund in the account and other fees and taxes on brokerage accounts and securities transactions.

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**Hourly Planning Engagements**

AëGIS Financial Group, Inc. provides hourly planning services for clients who need advice on a limited scope of work. The hourly rate for limited scope engagements is \$175.



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## **Asset Management**

Assets are invested primarily in no-load or low-load mutual funds and exchange-traded funds, usually through discount brokers or fund companies. Fund companies charge each fund shareholder an investment management fee that is disclosed in the fund prospectus. Discount brokerages may charge a transaction fee for the purchase of some funds.

Stocks and bonds may be purchased or sold through a brokerage account when appropriate. The brokerage firm charges a fee for stock and bond trades. AēGIS Financial Group, Inc. does not receive any compensation, in any form, from fund companies.

Investments may also include: equities (stocks), warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, investment company securities (variable life insurance, variable annuities, and mutual funds shares), U. S. government securities, options contracts, futures contracts, and interests in partnerships.

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## **Termination of Agreement**

Client may terminate any agreement at anytime with no penalty. Any party upon thirty (30) days written notice to others may terminate the advisory agreement. If termination occurs prior to the end of a calendar billing period, a pro-rata refund of unearned fees will be made to the client. Where the advisory client did not receive Adviser's ADV Part II at least 48 hours prior to signing the client agreement, clients may terminate the engagement within five days without penalty.

AēGIS Financial Group, Inc. may terminate any of the aforementioned agreements at any time by notifying the client in writing. If the client made an advance payment, AēGIS Financial Group, Inc. will refund any unearned portion of the advance payment.

## **Fees and Compensation**

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### **Description**

AēGIS Financial Group, Inc. bases its fees on a percentage of assets under management, hourly charges, and fixed fees (not including subscription fees).

Financial plans are priced according to the degree of complexity associated with the client's situation.

Fees are negotiable.

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### **Fee Billing**

Managed account fees are payable in advance. First payment is due upon execution of the client agreement. Fees will be assessed pro-rata in the event the account inception is at any time other than the first day of the

calendar quarter. Subsequent payments are due the first calendar day based on the value of the account assets under management as of the last business day of the preceding quarter. Account value will be determined by Broker/Dealers, if available, or otherwise in good faith.

If assets are deposited after the inception of a quarter and subsequently withdrawn prior to the end of the same quarter, the fee to be paid will be prorated based on the number of days during the quarter the assets were held in the account. These fees are payable upon receipt.

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**Other Fees**

Custodians may charge transaction fees on purchases or sales of certain mutual funds and exchange-traded funds. These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

AēGIS Financial Group, Inc., in its sole discretion, may waive its minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

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**Expense Ratios**

Mutual funds generally charge a management fee for their services as investment managers. The management fee is called an expense ratio. For example, an expense ratio of 0.50 means that the mutual fund company charges 0.5% for their services. These fees are in addition to the fees paid by you to AēGIS Financial Group, Inc..

Performance figures quoted by mutual fund companies in various publications are after their fees have been deducted.

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**Past Due Accounts and Termination of Agreement**

AēGIS Financial Group, Inc. reserves the right to stop work on any account that is more than 90 days overdue. In addition, AēGIS Financial Group, Inc. reserves the right to terminate any financial planning engagement where a client has willfully concealed or has refused to provide pertinent information about financial situations when necessary and appropriate, in AēGIS Financial Group, Inc.'s judgment, to providing proper financial advice. Any unused portion of fees collected in advance will be refunded within 90 days.

## Performance-Based Fees

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### Sharing of Capital Gains

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

AēGIS Financial Group, Inc. does not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.

## Types of Clients

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### Description

AēGIS Financial Group, Inc. generally provides investment advice to individuals, pension and profit sharing plans, trusts, estates, or charitable organizations, and corporations or business entities.

Client relationships vary in scope and length of service.

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### Account Minimums

The minimum account size is \$71,000.00 of assets under management, which equates to an annual fee of \$1250.00.

When an account falls below \$71,000 in value, the minimum annual fee of \$1250 is charged. Depending upon circumstances, AēGIS Financial Group, Inc. will sign an Hourly Agreement with the client if assets have diminished significantly below \$71,000.

AēGIS Financial Group, Inc. has the discretion to waive the account minimum. Accounts of less than \$71,000 may be set up when the client and the advisor anticipate the client will add additional funds to the accounts bringing the total to \$71,000 within a reasonable time. Other exceptions will apply to employees of AēGIS Financial Group, Inc. and their relatives, or relatives of existing clients.

## Methods of Analysis, Investment Strategies and Risk of Loss

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### Methods of Analysis

Security analysis methods may Fundamental analysis.

The main sources of information include financial newspapers and magazines, research materials prepared by others, corporate rating services, annual reports, prospectuses, and filings with the Securities and Exchange Commission.

Other sources of information that AëGIS Financial Group, Inc. may use include Morningstar Principia mutual fund information, Morningstar Principia stock information, and the World Wide Web.

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### **Investment Strategies**

The primary investment strategy used on client accounts is strategic asset allocation utilizing a core and satellite approach. This means that we use passively-managed index and exchange-traded funds as the core investments, and then add actively-managed funds where there are greater opportunities to make a difference. Portfolios are globally diversified to control the risk associated with traditional markets.

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time. Each client executes an Investment Policy Statement that documents their objectives and their desired investment strategy.

Other strategies may include long-term purchases, short-term purchases and margin transactions.

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### **Risk of Loss**

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.

- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

## Disciplinary Information

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### Legal and Disciplinary

The firm and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

## Other Financial Industry Activities and Affiliations

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### Financial Industry Activities

AēGIS Financial Group, Inc. is not registered as a securities broker-dealer, or a futures commission merchant, commodity pool operator or commodity trading advisor.

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### Affiliations

AēGIS Financial Group, Inc. has arrangements that are material to its advisory or its clients with a related person who is a broker-dealer or accounting firm.

Certain individuals associated with AēGIS also are associated with unaffiliated accounting firms and may engage in accounting services. These individuals may spend up to 75% of their time on activities related to accounting services.

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

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## Code of Ethics

AēGIS has a fiduciary duty to clients to act in the best interest of the client and always place the client's interests first and foremost. Adviser takes seriously its compliance and regulatory obligations and requires all staff to comply with such rules and regulations as well as Adviser's policies and procedures. Further, Adviser strives to handle clients' non-public information in such a way to protect information from falling into hands that have no business reason to know such information and provides clients with AēGIS' Privacy Policy. As such, Adviser maintains a Code of Ethics for its Advisory Representatives, supervised persons and staff. The Code of Ethics contains provisions for standards of business conduct in order to comply with federal securities laws, personal securities reporting requirements, pre-approval procedures for certain transactions, code violations reporting requirements, and safeguarding of material non-public information about client transactions. Further, AēGIS' Code of Ethics establishes Adviser's expectation for business conduct. A copy of the Code of Ethics will be provided to any client or prospective client upon request.

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## Participation or Interest in Client Transactions

Related persons of Adviser may be registered representatives\* of FSC Securities, a registered broker/dealer, member FINRA and SIPC. Clients are under no obligation to purchase or sell securities through these related persons; however, if they choose to implement a financial plan, commissions may be earned in addition to any fee paid for advisory services. The receipt of commissions for recommended products could represent an incentive for related persons to recommend products that pay a commission over other products, therefore creating a conflict of interest. Additionally, if the client implements the plan through related persons who are registered representatives, the client may be limited to those products or services available through FSC Securities. Under the rules and regulation of FINRA, FSC has the obligation to perform certain supervisory functions regarding certain aspects of the advisory activities of advisory representatives who are also registered representatives of FSC. For such supervisory functions, related persons may pay FSC a portion of the advisory fees they receive. AēGIS reserves the right to use outside vendors for asset allocation purposes. Fees for outside vendors will not apply to our fee schedule.

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\* The term Registered Representative does not imply a certain level of skill or training.

Certain persons associated with Adviser may also be registered with commodities firms. Through their association with these firms, the representative may recommend futures or other commodities for purchase or sale. The client is under no obligation to purchase or sell commodities through these firms. If the client chooses to transact in these products, commissions may be earned in addition to any fees paid for advisory services. Thus, a conflict of interest exists between Adviser and those of the advisory client. AēGIS is not affiliated with these commodity firms and receives no compensation for the associated transactions.

Adviser does not buy nor sell for itself securities that it also recommends to clients. However, persons associated with the Adviser (“Associated Persons”) are permitted to buy or sell securities that are recommended to clients. The personal securities transactions by Associated Persons may raise potential conflicts of interest when such persons trade in a security that is 1) owned by a client or 2) considered for purchase or sale for a client. AēGIS has adopted policies and procedures that are intended to ensure that Associated Person affect transactions for clients in a manner that is consistent with the fiduciary duty owed to clients and in accordance with applicable law. Associated Persons who wish to purchase or sell securities of the types purchased or sold for clients may do so only in a manner consistent with AēGIS policies.

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### **Personal Trading**

The Chief Compliance Officer of AēGIS Financial Group, Inc. is Steve H. Nelson. He reviews all employee trades each quarter. His trades are reviewed by FSC Securities Corp. The personal trading reviews ensure that the personal trading of employees does not affect the markets, and that clients of the firm receive preferential treatment. Since most employee trades are small mutual fund trades or exchange-traded fund trades, the trades do not affect the securities markets.

## **Brokerage Practices**

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### **Selecting Brokerage Firms**

AēGIS may recommend/require that clients establish brokerage accounts with Broker/Dealers to maintain custody of clients’ assets and to effect trades for their accounts. Although AēGIS may recommend/require that clients establish accounts at Broker/Dealers, it is the client’s decision to custody assets with Broker/Dealers. AēGIS is independently owned and not affiliated with Broker/Dealers.

Broker/Dealers may provide AēGIS with access to its institutional trading and custody services, which are typically not available to Broker/Dealers retail

investors. Generally, these services are available to independent investment advisors on an unsolicited basis, at not charge to them so long as certain minimum amount of assets are maintained in accounts at Broker/Dealers. These services are not contingent upon AëGIS committing to Broker/Dealers any specific amount of business (assets in custody or trading commission). Broker/Dealers' brokerage services may include the execution of securities transactions, custody research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For AëGIS client accounts maintained in its custody, Broker/Dealers generally do not charge separately for custody services but are compensated by account holders through commission and other transactions-related or asset-based fees for securities trades that are executed through Broker/Dealers or that settle into Broker/Dealers accounts.

Broker/Dealers may also makes available to AëGIS other products and services that benefit AëGIS but may not directly benefit it's clients' accounts. Many of these products and services may be used to service all or some substantial number of AëGIS accounts, including accounts not maintained at Broker/Dealers.

Broker/Dealers' products and services that assist AëGIS in managing and administering clients' accounts may include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of AëGIS fees from it's clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Broker/Dealers may also offer other services intended to help AëGIS manage and further develop its business enterprise. These services may include: (i) compliance, legal and business consulting; (ii) publications and conferences on practice management and business succession; and (iii) access to employee benefits providers, human capital consultants and insurance providers. Broker/Dealers may make available, arrange and/or pay third-party vendors for the types of services rendered to AëGIS. Broker/Dealers may discount or waive fees they would otherwise charge for some of these services or pay all or part of the fees of a third-party providing these services to AëGIS. Broker/Dealers may also provide other benefits such as educational events or occasional business entertainment of AëGIS personnel. In evaluating whether to recommend or require that clients custody their assets at Broker/Dealers, AëGIS may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers and not solely the nature, cost or quality



of custody and brokerage services provided by Broker/Dealers, which may create a potential conflict of interest.

AēGIS Financial Group, Inc. does not receive fees or commissions from any of these arrangements.

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**Best Execution**

AēGIS Financial Group, Inc. reviews the execution of trades at each custodian each quarter. The review is documented in the AēGIS Financial Group, Inc. Compliance Manual. Trading fees charged by the custodians is also reviewed on a quarterly basis. AēGIS Financial Group, Inc. does not receive any portion of the trading fees.

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**Soft Dollars**

AēGIS does not accept soft dollar payments other than the products and services offered as a result of a custodian relationship.

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**Order Aggregation**

Most trades are mutual funds or exchange-traded funds where trade aggregation does not garner any client benefit.

## **Review of Accounts**

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**Periodic Reviews**

It is the responsibility of each portfolio manager/IAR to devote the requisite amount of attention to professionally manage each of his/her accounts in accordance with the investment requirements and objectives of the client. In managing accounts, each portfolio manager/IAR is required to maintain regular communications with his/her clients. At a minimum these communications will include the following:

- At least annually, portfolio managers will undertake a comprehensive review of each of his/her accounts to assess the client's financial situation and individual investment needs. In addition, each manager should evaluate the portfolio if he/she should become aware of any changes in any client's investment objectives or financial circumstances as shown in the client file documentation. All updated information will be maintained in the client's files. The portfolio manager will maintain a log to ensure that all client accounts are reviewed at least on an annual basis.
- Notwithstanding any discretionary trading authority, portfolio managers are to promptly notify their clients of each securities transaction executed for their account(s) and the status, if known, of any pending or unexecuted transactions unless the client has given instructions to the contrary.

- In addition to the daily review of executed and unexecuted order memoranda, the CCO will review the activity in each account at least quarterly to determine if the account has been managed in a manner consistent with the client's investment objectives. The CCO shall have the independent authority to discuss any questionable activities in any account with the respective client.

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### **Review Triggers**

Other conditions that may trigger a review include but are not limited to changes in the tax laws, new investment information, and changes in a client's own situation.

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### **Regular Reports**

AēGIS will provide each client with a quarterly review and analysis of his/her account and provide any additional information on the account which may be requested by the client. It is the responsibility of each portfolio manager to keep his/her clients apprised of relevant changes in the economy, market conditions, and about AēGIS's investment views and expectations for the economy and the markets.

In addition, all clients will receive quarterly statements (monthly, if there is brokerage activity) directly from the brokerage firms. These statements will include detailed transactions and current holdings.

## **Client Referrals and Other Compensation**

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### **Incoming Referrals**

AēGIS Financial Group, Inc. has been fortunate to receive many client referrals. The referrals came from current clients, estate planning attorneys, accountants, employees, personal friends of employees and other similar sources. The firm does not compensate referring parties for these referrals.

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### **Referrals Out**

AēGIS Financial Group, Inc. does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

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### **Other Compensation**

Advice offered by related person of the Applicant may involve investment in mutual funds. Load and no-load mutual funds may pay annual distribution charges, or 12b-1 fees (named after the statutory section authorizing such payments). These 12b-1 fees come from fund assets, and thus-indirectly-from Client assets. These 12b-1 fees may be initially paid to FSC and a portion allocated to Related Persons who are also Registered

Representatives\* of FSC. The receipt of these fees could represent an incentive for Registered Representatives to recommend funds with 12b-1 fees or higher 12b-1 fees over funds with no fees or lower fees, therefore creating a potential conflict of interest.

Broker/Dealers may also make available to AēGIS other products and services that benefit AēGIS but may not benefit its clients' accounts. Some of these other products and services assist Adviser in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements); facilitate trade execution; provide research, pricing information and other market data; facilitate payment of Adviser's fees from its clients' accounts; and assist with back-office functions, recordkeeping and client reporting.

## Custody

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### Account Statements

All assets are held at qualified custodians, which means the custodians provide account statements directly to clients at their address of record at least quarterly.

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### Performance Reports

Clients are urged to compare the account statements received directly from their custodians to the performance report statements provided by AēGIS Financial Group, Inc.

## Investment Discretion

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### Discretionary Authority for Trading

AēGIS Financial Group, Inc. accepts discretionary authority to manage securities accounts on behalf of clients. AēGIS Financial Group, Inc. has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. However, AēGIS Financial Group, Inc. consults with the client prior to each trade to obtain concurrence if a blanket trading authorization has not been given.

The client approves the custodian to be used and the commission rates paid to the custodian. AēGIS Financial Group, Inc. does not receive any portion of the transaction fees or commissions paid by the client to the custodian on certain trades.

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\* The term Registered Representative does not imply a certain level of skill or training.

Discretionary trading authority facilitates placing trades in your accounts on your behalf so that we may promptly implement the investment policy that you have approved in writing.

Discretionary Trades for securities may be entered for execution only if AēGIS has received prior written authorization from the client for such transactions. Evidence of AēGIS's authority to manage a client's account on a discretionary basis will be documented by the Client Agreement. All written authority granted to AēGIS by the client will be restricted to "limited trading authority", giving the portfolio manager/IAR the power to only purchase and sell securities for the account. At no time will AēGIS or any of its associates enter into any written or verbal agreement or understanding with a client that gives the associate "full trading authority" over the account since that term may be interpreted as granting authority to withdraw funds and securities from a client's account.

## **Voting Client Securities**

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### **Proxy Votes**

In general, AēGIS does not vote, nor advise clients how to vote, proxies for securities held in client accounts. Adviser's clients retain the right to vote the proxies of shares held in their accounts.

In addition, AēGIS will not take any action or render any advice with respect to any securities held in any accounts that are named in or subject to class action lawsuits. Adviser will, however, forward to Client any information received by AēGIS regarding class action legal matters involving any security held in the account.

## **Financial Information**

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### **Financial Condition**

AēGIS Financial Group, Inc. does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

A balance sheet is not required to be provided because AēGIS Financial Group, Inc. does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$1,200 per client, and six months or more in advance.

# Business Continuity Plan

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## General

AēGIS Financial Group, Inc. has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people.

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## Disasters

The Business Continuity Plan covers natural disasters such as storms, hurricanes, tornados, and flooding. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, T-1 communications line outage, Internet outage, railway accident and aircraft accident. Electronic files are backed up daily and archived offsite.

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## Alternate Offices

Alternate offices are identified to support ongoing operations in the event the main office is unavailable. It is our intention to contact all clients within five days of a disaster that dictates moving our office to an alternate location.

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## Loss of Key Personnel

In the event that the adviser representative managing client accounts becomes incapacitated (or demised), it will be the responsibility of the principal officer of AēGIS to contact the clients and make arrangements for another manager of similar temperament and experience to assume responsibility for these accounts. However, the client(s) must approve any reassignment of management responsibility in writing.

# Information Security Program

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## Information Security

AēGIS Financial Group, Inc. maintains an information security program to reduce the risk that your personal and confidential information may be breached.

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## Privacy Notice

AēGIS Financial Group, Inc. is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us.

The categories of nonpublic information that we collect from you may include information about your personal finances, information about your health to the extent that it is needed for the financial planning process, information about transactions between you and third parties, and information from consumer

reporting agencies, e.g., credit reports. We use this information to help you meet your personal financial goals.

With your permission, we disclose limited information to attorneys, accountants, and mortgage lenders with whom you have established a relationship. You may opt out from our sharing information with these nonaffiliated third parties by notifying us at any time by phone at (480) 776-1445, mail, fax, email, or in person. With your permission, we share a limited amount of information about you with your brokerage firm in order to execute securities transactions on your behalf.

We maintain a secure office to ensure that your information is not placed at unreasonable risk. We employ a firewall barrier, secure data encryption techniques and authentication procedures in our computer environment.

We do not provide your personal information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated third parties that require access to your personal information, including financial service companies, consultants, and auditors. Federal and state securities regulators may review our Company records and your personal records as permitted by law.

Personally identifiable information about you will be maintained while you are a client, and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, information may be destroyed.

We will notify you in advance if our privacy policy is expected to change. We are required by law to deliver this Privacy Notice to you annually, in writing.

## Brochure Supplement (Part 2B of Form ADV)

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### **Education and Business Standards**

Generally, each person who provides investment advisory services will have experience in the securities/advisory financial services industry. Investment advisory representatives will be licensed through the state and hold a combination of FINRA series 6, 7, 63, 65 & 66 deemed appropriate by the State of Arizona. An Arizona Insurance License is strongly recommended of advisory representatives.

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### **Professional Certifications**

Employees have earned certifications and credentials that are required to be explained in further detail.

Certified Financial Planner (CFP): Certified Financial Planners are licensed by the CFP Board to use the CFP mark. CFP certification requirements:

- Bachelor's degree from an accredited college or university.
- Completion of the financial planning education requirements set by the CFP Board ([www.cfp.net](http://www.cfp.net)).
- Successful completion of the 10-hour CFP® Certification Exam.
- Three-year qualifying full-time work experience.
- Successfully pass the Candidate Fitness Standards and background check.

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**Steve H. Nelson****Educational Background:**

- Date of birth: March 20, 1963.
- Arizona State University, B.S. Degree in Finance.

**Business Experience:**

- AëGIS Financial Group, Inc. (1994 to Present)
- FSC Securities Corp. (2001 to Present)
- Walnut Street Securities, Inc. (1994 to 2001)

**Other Business Activities:** Investment advisory services offered as an investment adviser representative through AëGIS Financial Group, Inc., an Arizona investment adviser; Life and Health Insurance offered through FSC Agency, Inc. and various carriers.

**Additional Compensation:** None

**Supervision:**

Steve H. Nelson is supervised by FSC Securities Corporation. FSC reviews Steve Nelson's work through frequent office interactions as well as remote interactions. FSC also reviews Steve Nelson's activities through their client relationship management system.



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**Kristy Mukai-Barnes, CFP****Educational Background:**

- Date of birth: October 20, 1974
- Arizona State University: 1994 – 1996
- University of Phoenix: 1997 – 1998  
Bachelor of Science Business Management
- Kaplan College: 2002 – Certificate in Financial Planning
- CFP in January 2004

**Business Experience:**

- AëGIS Financial Group, Inc. (1992 to Present)
- FSC Securities Corporation (2001 to Present)
- Walnut Street Securities (2000 to 2001)

Other Business Activities: None

Additional Compensation: None

**Supervision:**

Kristy Mukai-Barnes is supervised by Steve H. Nelson, OSJ. He reviews Kristy's work through frequent office interactions as well as remote interactions. He also reviews Kristy's activities through our client relationship management system.

Steve H. Nelson's contact information:

(480) 809-6880 [Steve@SteveHNelson.com](mailto:Steve@SteveHNelson.com)

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**Michelle Patel****Educational Background:**

- Date of birth: November 14, 1968.
- Boston University (1986 – 1990).  
Bachelor of Science in Business Administration.
- Thunderbird School of Global Management (1995 – 1996).  
Masters in International Management.

**Business Experience:**

- AëGIS Financial Group, Inc. (2003 to Present).
- FSC Securities Corporation (2004 to Present).
- Moveo Financial Advisors (2003 to Present).
- Investors Capital Corporation (2003 to 2004)
- Intel Corp. (1997 to 2003).
- WFG (2002 to 2003).
- WGS, Inc. (2002 to 2003).

**Other Business Activities:**

Moveo Financial Advisors – Financial planning firm since 10/03. Advise clients on investments, retirement planning, insurance needs and education planning.

**Additional Compensation:** None

**Supervision:**

Michelle Patel is supervised by Steve H. Nelson, OSJ. He reviews Michelle's work through frequent office interactions as well as remote interactions. He also reviews Michelle's activities through our client relationship management system.

Steve H. Nelson's contact information:

(480) 809-6880 [Steve@SteveHNelson.com](mailto:Steve@SteveHNelson.com)

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**John McBride****Educational Background:**

- Date of birth: July 25, 1966.
- Arizona State University (Graduated 1995).  
M.B.A. in General Business Administration
- University of Arizona (Graduated 1989).  
B.S. in Finance

**Business Experience:**

- AëGIS Financial Group, Inc. (2005 - Present).
- FSC Securities Corporation (2005 – Present).
- Stuart Securities Corp. (2004 – 2005).
- SunAmerica Securities (2003 – 2003).
- Associated Securities Corp. (2002 – 2003).

**Other Business Activities:**

Insurance servicer through Stewardship for Life, DBA Stewardship for Life, Inc. Sells life insurance and disability insurance. Independent agent for American Living Trust Services, LLC. Set-up living trusts less than 10% of the time.

**Additional Compensation:** Insurance commissions.

**Supervision:**

John McBride is supervised by Steve Nelson, OSJ. He reviews John's work through frequent office interactions as well as remote interactions. He also reviews John's activities through our client relationship management system.

Steve Nelson's contact information:

(480) 809-6880 [Steve@SteveHNelson.com](mailto:Steve@SteveHNelson.com)

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## **Susan Spaur**

### **Educational Background:**

- Date of birth: July 20, 1962
- University of Santa Clara (Graduated 1984)  
BS in Commerce - Accounting

### **Business Experience:**

- AëGIS Financial Group, Inc. (2001 - Present).
- FSC Securities Corporation (2001 – Present).
- Susan M. Spaur, CPA (1989 – Present).
- Walnut Street Securities (1995 – Present).
- Strassels & Curosh (1989 – Present).
- Arthur Andersen & Co. (1988 – Present).

### **Other Business Activities:**

Susan M. Spaur, CPA was incorporated in November 2001 and operates as Spaur Financial Services, LLC. Located at 6401 W. Linda Lane, Chandler, AZ. Susan performs accounting services and income tax preparation for this business.

**Additional Compensation:** Yes.

### **Supervision:**

Susan Spaur is supervised by Steve H. Nelson, OSJ. He reviews Susan's work through frequent office interactions as well as remote interactions. He also reviews Susan's activities through our client relationship management system.

Steve H. Nelson's contact information:

(480) 809-6880 [Steve@SteveHNelson.com](mailto:Steve@SteveHNelson.com)