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### **Firm Brochure**

(Part 2A of Form ADV)

This Brochure provides information about the qualifications and business practices of Aequitas Wealth Management. If you have any questions about the contents of this Brochure, please contact us at 310-461-1431 or [info@aequitaswm.com](mailto:info@aequitaswm.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.

Aequitas Wealth Management is a registered investment adviser with the SEC. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Aequitas Wealth Management is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

March 9, 2012

## Material Changes

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This document is an update to our previous Brochure dated March 24, 2011. Pursuant to SEC Rules, we will ensure that you receive a description of any specific material changes as well as a summary of those changes to this and subsequent Brochures within 120 days of the close of our business fiscal year. We will provide other ongoing disclosure information about material changes, as necessary.

For this annual edition of our Brochure, there have not been any material changes.

Our Brochure may be requested by contacting us by telephone at 310-461-1431 or by email to [info@aequitaswm.com](mailto:info@aequitaswm.com). A Brochure is always provided without charge.

Additional information about Aequitas Wealth Management is available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with Aequitas Wealth Management who are registered, or are required to be registered, as investment adviser representatives of Aequitas Wealth Management.

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## **Advisory Business**

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Aequitas Wealth Management (AWM) was founded in 2005 and is co-owned by Joseph P. Alexopoulos and Sarah M. Lewis. We provide portfolio management and financial planning services to:

- Individuals and families
- Trusts and estates
- Non profit institutions
- Pension and profit sharing plans.

### **Portfolio Management Services**

AWM's Portfolio Management Services begin with the identification of each client's investment objectives, goals and financial situation in order to design an appropriate securities portfolio and then to manage it on an ongoing discretionary basis.

#### **1. Identifying a client's investment objectives and goals.**

This includes objectives and goals in areas such as: wealth accumulation, investment tax mitigation, estate planning, retirement income, college planning, cash flow, charitable interests, career aspirations, family legacy, business succession and personal interests.

#### **2. Identifying a client's financial situation.**

AWM will gather financial information from the client with respect to the stated goals and objectives. This information includes the time horizon for investment, risk tolerance and income tax status. In addition, to the degree each client feels comfortable, the following types of information may be communicated: current investments, bank accounts, insurance policies, real estate holdings, estate planning, business and professional interests, international or offshore holdings, current income, cash flow, mortgages, credit lines, savings rates, anticipated inheritances and family status. In our experience, the more that is known about a client's entire financial situation, the better a portfolio can be constructed and managed to maximize returns and overall economic wealth for the client while fully taking advantage of tax and risk mitigation strategies.

### 3. Developing a diversified portfolio.

We rely on information supplied by the client to design an investment plan for the client's particular circumstances. Clients have the opportunity to place reasonable restrictions on the investments or types of investments which will be made on their behalf.

Using the information gathered in the first two steps, we will research and develop a portfolio consisting of various investments (Exchange Traded Funds, no-load mutual funds, individual bonds, etc.) that represent different asset classes and collectively function to minimize volatility.

Clients retain individual ownership of all investment securities.

### 4. Investing.

The investment action plan will depend upon the assets to be invested, their existing cost basis as well as the client's comfort level concerning investing all at once or incrementally via dollar cost averaging. Special attention is given to managing the possible tax consequences.

### 5. Managing the portfolio on an ongoing discretionary basis.

The portfolio is regularly monitored and rebalanced as necessary, with an attention to tax implications, using proprietary asset allocation rebalancing parameters methods developed by AWM and in consideration of the client's changing financial and lifestyle circumstances.

As of March 9, 2012, assets that we manage on a discretionary basis are approximately \$92,158,000.

## **Financial Planning Services**

Financial Planning services involve ascertaining the client's financial situation, related information, goals and objectives, determining the areas or issues to be addressed and then researching, analyzing, and testing in view of developing recommendations designed to achieve the client's goals and objectives.

Planning services may be provided for one or more specific areas or issues such as current portfolio review or analysis, portfolio allocation and investment recommendations, retirement capital needs analysis, insurance review, cash flow analysis, college education

funding, or estate plan review. A written document presenting the analysis and recommendations will be delivered to the client.

### **Concierge Services and Special Projects**

Projects may be undertaken that are not described in other types of agreements, including second opinion evaluations or due diligence of a third party investment, portfolio review, or other services specifically described in an engagement letter.

## **Fees and Compensation**

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### **Fees for Portfolio Management Services**

Our compensation is based on a percentage of the assets we manage. Although we take into account a client's other assets such as real estate, retirement plans held with employers, cash or CDs in savings accounts, etc. in developing the portfolio strategy, we do not include these assets in the calculation of our management fees.

Fees are billed on a quarterly basis in arrears. The fee is determined by combining the fair market value (as calculated on the last business day of the prior calendar quarter) of all of a client's portfolios under management and applying the following fee schedule to the aggregate value.

#### **PORTFOLIO MANAGEMENT FEE SCHEDULE**

PORTFOLIO BALANCE		Quarterly Fee on Balance	Annual Fee on Balance
First	\$ 1,000,000	0.25000 %	1.000 %
\$1,000,001 - \$ 3,000,000		0.22500 %	0.900 %
\$3,000,001 - \$ 5,000,000		0.18750 %	0.750 %
\$5,000,00 - \$ 7,500,000		0.15625 %	0.625 %
\$7,500,001 - \$10,000,000		0.12500 %	0.500 %
Above	\$10,000,000	Negotiable	Negotiable

Management fees are not prorated for each capital contribution and withdrawal made during the applicable calendar quarter. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee based on a 90 day quarter. Clients authorize AWM to directly debit fees from client accounts. The quarterly billing activity appears on the client's statements furnished by the custodian.

Our fees do not include brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. Clients may incur certain charges imposed by custodians, brokers, and other third parties such as custodial fees, odd-lot differentials, transfer taxes, wire transfer fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. These charges, fees and commissions are in addition to AWM's fee, and we do not receive any portion of them.

A minimum of \$1,000,000 or a \$10,000 annual portfolio management fee is required for Portfolio Management Services. Fees and minimums are subject to negotiation at AWM's discretion. We believe that our fees are reasonable; however, lower (or higher) fees for comparable services may be available from other sources.

### **Financial Planning Fees**

Financial Planning services are typically provided along with AWM's Portfolio Management Services and are included in our portfolio management fee as described above. However, we may occasionally offer Financial Planning services on a stand-alone basis. When performed on a stand-alone basis, financial planning fees are charged on a flat fee project basis.

Upon completion of an initial meeting where the scope of the project is determined, we will provide a proposal and a cost estimate. Payment is due at the beginning of the engagement.

The Financial Planning agreement may be terminated at any time, by either the client or by AWM for any reason, upon written notice to the other party.

For a full refund, the client must terminate the agreement in writing no later than two (2) business days from signing the contract. After two (2) business days and up to and through five (5) business days all unearned fees will be returned. Earned fees are determined by multiplying the hourly rate of \$350 by the actual number of hours expended on preparing the plan. After 5 business days, the total estimated fees are due.

## **Concierge Services and Special Projects**

Special projects are billed on a flat fee basis agreed upon at the start of the engagement.

## **Performance-Based Fees**

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Aequitas Wealth Management 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. However, the nature of asset-based fees allows Aequitas Wealth Management to participate in the growth of the client's wealth. This also means that our fees can decline when the client's portfolio declines in value.

## **Types of clients**

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We provide portfolio management services and/or financial planning services to individuals, families, estates, trusts, non profit institutions, and corporate pension and profit-sharing plans. A minimum of \$1,000,000 of assets under management or a minimum annual fee of \$10,000 is required for portfolio management services.

Financial planning services are typically provided alongside portfolio management services but may be provided on a standalone basis at our discretion.

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

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### **Methods of Analysis**

The primary security analysis method at Aequitas Wealth Management is fundamental analysis. The main sources of information include Morningstar reports, fund prospectuses, S&P reports, Argus reports, financial newspapers and magazines, research materials prepared by others, filings with the Securities and Exchange Commission, and annual reports. The principals of Aequitas Wealth Management also attend webinars, seminars, conference calls, and industry conferences and conduct on-site due diligence visits of sponsors of non-traditional investments.



## **Investment Philosophy and Methodology**

Aequitas Wealth Management follows a disciplined process based on three steps:

### **1. Diversification and Asset Allocation**

In developing a portfolio, AWM's goal is to create a strategic diversification of stock and bond investments that collectively function to maximize investment returns while mitigating risk, taxes and expenses.

We first consider diversification among stocks and bonds in alignment with the client's risk tolerance, goals and investment horizon. Second, we then consider which stock classes (U.S., international, emerging markets, etc.) and which bond classes (government, municipal, corporate, etc.) are appropriate to fully diversify the client's portfolio. Third, these stock classes are further diversified by market capitalization (large, mid size and small companies) as well as by the stock price orientation where those companies being undervalued are considered as "value" stocks and the others considered "growth". Finally, the bond classes are determined based on credit risk, maturity, interest rate, coupon rate, and tax implications.

The portfolio for a specific client is designed to accommodate each client's unique objectives and constraints and is expected to achieve a client's rate-of-return goal, while minimizing the portfolio's risk, as measured by standard deviation (the variability of the overall portfolio).

### **2. Investment Selection**

Our preferred approach is conservative and long-term. Short-term trading is not practiced, and we do not attempt to time the market.

#### **Stocks**

A client's target stock asset allocations are implemented using primarily Exchange Traded Funds, index funds, and "no load" and/or "no transaction fee" funds. Funds are screened according to proprietary criteria for each equity style, geography, capitalization and value orientation.

#### **Bonds**

Bonds are first and foremost a means to stabilize a portfolio, and second a means to enhance its returns. We use primarily Exchange Traded Funds, individual investment grade bonds, those with ratings of BBB or higher as classified by Standard & Poor's or Baa or higher as classified by Moody's Investors Services. We will at times buy lower valued

bonds via a diversified Exchange Traded Fund or a “no load” mutual fund. Bond “laddering” strategies are often employed within a portfolio, where bonds of equal amounts are purchased with staggered maturities.

## **Cash**

For target cash allocations and accrued balances, we utilize money market mutual funds and or brokerage “sweep” accounts. Cash is managed to earn a competitive yield.

### **3. Ongoing Management**

We will rebalance a portfolio as market movements warrant. Rebalancing is triggered by the changes in percentage of each asset class, capitalization and orientation and not by a given time frame. Market movements and changes are monitored closely by means of a proprietary methodology developed by Aequitas Wealth Management that ensures a client’s portfolio remains well diversified and is managed within the client’s accepted risk tolerances.

All investment programs have certain risks that are borne by the investor. Our investment approach keeps the risk of loss in mind. However, as with all investments, clients face investment risks including the following: loss of principal risk, interest-rate risk, market risk, inflation risk, currency risk, reinvestment risk, business risk, liquidity risk, and financial risk.

## **Disciplinary Information**

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Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Aequitas Wealth Management or the integrity of our management. We do not have any information applicable to this Item.

## **Other Financial Industry Activities and Affiliations**

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Aequitas Wealth Management does not participate in any other industry business activities. We do not have arrangements that are material to our advisory business or our clients with any related person.

## Code of Ethics and Personal Trading

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Aequitas Wealth Management has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, restrictions on the acceptance of significant gifts, and personal securities trading procedures, among other things. All supervised persons at Aequitas Wealth Management must acknowledge the terms of the Code of Ethics annually, or as amended.

We anticipate that in appropriate circumstances, consistent with clients' investment objectives, we may recommend the purchase or sale of securities in which we or our personnel, directly or indirectly, hold a personal position. In these cases, our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the personnel of our firm will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing personnel to invest for their own accounts.

Under the Code of Ethics, certain classes of securities have been designated as exempt transactions, based upon a determination that these would not materially interfere with the best interest of our clients. In addition, the Code of Ethics also requires pre-clearance and approval of other types of transactions. Nonetheless, in some rare circumstances the Code of Ethics would permit employees to invest in the same securities as clients where there is remote possibility that personnel might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between us and our clients.

It is AWM's policy that the firm will not affect any principal transactions for client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account (or the account of an affiliated broker-dealer), buys from or sells any security to any advisory client.

AWM's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Sarah M. Lewis or Joseph P. Alexopoulos.

## Brokerage Practices

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### Brokerage Recommendations

Because we do not have the discretionary authority to determine the broker dealer to be used or the commission rates to be paid, clients must direct us as to the broker dealer to be used. In directing the use of a particular broker or dealer, it should be understood that AWM will not have authority to negotiate commissions among various brokers or obtain volume discounts, and best execution may not be achieved. A disparity in commission charges may exist between the commissions charged to other clients.

For clients in need of brokerage or custodial services, and depending on client circumstances and needs, we may recommend one of several broker dealers, provided that such recommendation is consistent with AWM's fiduciary duty to the client. Clients must evaluate these brokers before opening an account. The factors we consider when making this recommendation are the broker's ability to provide professional services, our experience with the broker, the broker's reputation, and the broker's quality of execution services and costs of such services, among other factors.

Clients are under no obligation to execute trades through any recommended broker. We reserve the right to decline acceptance of any client account that directs the use of a broker dealer if we believe that the broker dealer would adversely affect our fiduciary duty to the client and/or ability to effectively service the client portfolio.

We do not receive any commission or other incentive to utilize one broker versus another. Therefore, AWM may recommend execution broker(s) or custodian(s) such as Charles Schwab, TD Ameritrade, Brown & Company, Scottrade, Fidelity Investments, or Vanguard that offer, in our opinion, a high quality service.

At present, we have arrangements with Charles Schwab and Co. Inc. ("Schwab") and Vanguard which provide our firm with platform services for professional advisers. These platforms include, for example, brokerage, custodial, administrative support, record keeping and related services that are intended to support our firm in conducting business and in serving the best interests of our clients. Schwab and Vanguard also make available certain research and brokerage services at no additional cost to our firm. These products and services may include research reports on recommendations or other information about particular companies or industries, economic surveys, data and analyses, financial publications, portfolio evaluation services, financial database software and services, computerized news and pricing services, quotation software used in investment decision-

making, and other products or services that provide assistance to our firm in the performance of our investment decision-making responsibilities. We use these research and brokerage services to manage accounts for which we have investment discretion. Without these arrangements, we might be compelled to purchase the same or similar services at our own expense.

As a result of receiving the services discussed above for no additional cost, we may have an incentive to continue to use or expand the use of Schwab's or Vanguard's services. We examined this potential conflict of interest when we chose to enter into the relationships with Schwab and Vanguard, and we have determined that the relationships are in the best interest of our firm's clients and satisfy our client obligations.

### **Financial Planning Services**

Depending on the planning areas or issues selected by the client (for example, planning in the area of investments or retirement), we may review and recommend changes to the client's current financial situation. The decision to implement or not implement any recommendations is entirely at the client's discretion. As such, clients will be required to select their own broker dealer, insurance companies or providers of other services for the implementation of recommendations, although we may recommend product or service providers. The factors we consider when making this recommendation are the provider's ability to provide professional services, the quality and characteristics of the product or services, our experience with the provider, the provider's reputation, and the provider's financial strength, among other factors.

### **Review of Accounts**

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We review a client's portfolio(s) on a monthly basis (or more frequently as the investment and economic environments warrant) by measuring the asset allocation percentages with the target allocation, asset class risk levels, rates of return, and market values. Periodically, and following significant market moves, we may rebalance a client's portfolio to the client's target asset allocation, if the trades are expected to result in a benefit to the client.

During the client's periodic review meeting, we review with the client the investment strategy, explain the past period's results for the portfolios owned by the client, and may provide information on investment products and services and new academic research that affects the client. Clients update us as well regarding their financial status, objectives, and constraints, and highlight any changes since the last meeting. These updates may also call

for an adjustment or in some cases an entirely new "target asset allocation" designed for the client's then current unique objectives and constraints.

### **Nature and Frequency of Reports**

Clients will receive from the custodian of their securities portfolio(s) at least a quarterly account statement. Additionally, clients will be able to access their accounts online via the Internet at anytime. If an issue regarding service (duplicate account statement, re-order checks, etc.) needs to be addressed, the client may contact the custodian directly to expedite such requests.

Financial planning clients will receive reports depending on the scope and nature of the project.

### **Client Referrals and Other Compensation**

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We may enter into written arrangements to compensate individuals or companies ("Solicitors") who recommend prospective clients to AWM. In these cases, there will be a written agreement between AWM and the Solicitor(s) which clearly defines the duties and responsibilities of the Solicitor under this arrangement. The fees paid to referral sources do not affect the fees clients pay to Aequitas Wealth Management. Each Solicitor is required to provide a written disclosure document which explains to the prospective client the terms under which the Solicitor is working with AWM and the fact that the Solicitor is being compensated for the referral activities. The Solicitor is also required to furnish a copy of the firm's written disclosure document to the prospective client and obtain a written acknowledgement from the client that both the Solicitor's and AWM's disclosure documents have been received. Our privacy and confidentiality procedures prohibit sharing of client information with Solicitors.

Aequitas Wealth Management does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

### **Custody**

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All assets are held at qualified custodians, who provide account statements directly to clients at least quarterly. Occasionally, clients may hold investments which are not held at qualified custodians. In these cases, statements are generally provided directly by the

investment sponsor at least annually. Clients are encouraged to carefully review the statements provided by their custodians.

## **Investment Discretion**

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For Portfolio Management Services, AWM will have the discretionary authority to select the securities as well as the amount thereof for client's account(s). Such authority is to be exercised in a manner consistent with the stated investment objectives for the particular client account. When selecting securities and determining amounts, we observe the investment policies, limitations and restrictions of the clients for whom we advise. Investment guidelines and restrictions must be provided to us in writing.

Authority is granted to Aequis Wealth Management by the client's signature of our Portfolio Management Services contract as well as by the client's authorization on the account application. These agreements authorize the brokerage firm to accept trading instructions from AWM on behalf of the client's account(s). Other than trade instructions and an authorization to the custodian to allow debit of the client's account(s) for AWM's agreed upon quarterly Portfolio Management Services fee, we have no authority to transfer or otherwise withdraw assets or funds from the client's account(s). Clients may also elect to authorize AWM to transfer their funds between identically titled client accounts.

For the Financial Planning Services, AWM will not have authorization to transact any financial or other matter(s) on the client's behalf.

## **Voting Client Securities**

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As a matter of firm policy and practice, Aequis Wealth Management does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. We may, however, provide advice to clients regarding the clients' voting of proxies.

## **Financial Information**

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Registered investment advisers are required to provide you with certain financial information or disclosures about their financial condition. Aequis Wealth Management

has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

## **Business Continuity Plan**

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Aequitas Wealth Management has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, or services. The Business Continuity Plan covers natural disasters such as earthquakes, hurricanes, fire, and flooding. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, communications line outage, Internet outage, railway accident and aircraft accident. Electronic files are backed up continuously and archived offsite. A temporary alternate work location is 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 requires moving our office to an alternate location.

## **Information Security Program**

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Aequitas Wealth Management maintains an information security program to reduce the risk that personal and confidential information may be breached. We are 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 our clients may include information about personal finances, information about transactions between clients and third parties, information from public records, and information from consumer reporting agencies, e.g., credit reports. We use this information to help our clients meet their personal financial goals.

With our clients' permission, we disclose limited information to attorneys, accountants, and mortgage lenders with whom they have established a relationship. We also share a limited amount of information with the client's brokerage firm in order to execute securities transactions on the client's behalf. We maintain a secure office to ensure that our clients' information is not placed at unreasonable risk. We employ a firewall barrier and authentication procedures in our computer environment.

We do not provide personal information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated third parties that require access personal information, including financial service companies, consultants, and auditors.



Federal and state securities regulators may review our company records and personal records as permitted by law.

Personally identifiable information will be maintained while still a client of Aequis Wealth Management 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 our clients in advance if our privacy policy is expected to change. We are required by law to deliver this Privacy Notice to our clients annually, in writing.