

# Aegis Wealth Management, LLC

## Firm Brochure - Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of Aegis Wealth Management, LLC. If you have any questions about the contents of this brochure, please contact us at (301) 664-2313 or by email at: [info@aegiswealth.com](mailto:info@aegiswealth.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 Wealth Management, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Aegis Wealth Management, LLC's CRD number is: 134429.*

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*Registration as an investment adviser does not imply a certain level of skill or training.*

Version Date: 03/29/2024

## **Item 2: Material Changes**

Since the last annual updating amendment to this Brochure on 03/31/2023, Aegis Wealth Management, LLC has made the following material changes:

- At Item 1 to update the firm's primary business address and phone number
- At Items 4 and 13 to revise description of the documentation used to memorialize a client's overall investment parameters
- At Item 5 to revise disclosures regarding fees paid to third-party advisers and the potential for alternative fee arrangements that deviate from the firm's standard fee practices
- At Item 7 to disclose the potential for minimum annual fees to be assessed
- At Item 10 to revise disclosures regarding outside business activities of certain firm representatives
- At Item 12 to revise disclosures regarding benefits received from recommended custodians and broker-dealers
- At Item 13 to revise disclosure regarding the parties conducting client account reviews and the frequency of firm account reporting
- At Item 15 to revise disclosure regarding custody resulting from direct fee debiting

## Item 3: Table of Contents

Item 1: Cover Page	
Item 2: Material Changes .....	ii
Item 3: Table of Contents .....	iii
Item 4: Advisory Business .....	2
Item 5: Fees and Compensation .....	4
Item 6: Performance-Based Fees and Side-By-Side Management .....	5
Item 7: Types of Clients .....	6
Item 8: Methods of Analysis, Investment Strategies, & Risk of Loss .....	6
Item 9: Disciplinary Information .....	9
Item 10: Other Financial Industry Activities and Affiliations .....	9
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	10
Item 12: Brokerage Practices .....	11
Item 13: Review of Accounts .....	13
Item 14: Client Referrals and Other Compensation .....	13
Item 15: Custody .....	14
Item 16: Investment Discretion .....	15
Item 17: Voting Client Securities (Proxy Voting) .....	15
Item 18: Financial Information .....	15

## Item 4: Advisory Business

### A. Description of the Advisory Firm

Aegis Wealth Management, LLC (hereinafter “AWM”) is a Limited Liability Company organized in the State of Maryland. The firm was formed in February 2005, and the principal owners are Paul Adair Meloan, Eun Hee Kim and Viveka Marianne Ryn.

### B. Types of Advisory Services

#### *Portfolio Management Services*

AWM offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. AWM collects information about the client's current situation (income, tax levels, and risk tolerance levels) and then constructs a plan to aid in the selection of a portfolio that matches each client's specific situation. Portfolio management services include, but are not limited to, the following:

- Investment strategy
- Asset allocation
- Risk tolerance
- Personal investment policy
- Asset selection
- Regular portfolio monitoring

AWM evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. AWM will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction.

AWM seeks to provide investment decisions in accordance with the fiduciary duties owed to its accounts and without consideration of AWM's economic, investment or other financial interests. To meet its fiduciary obligations, AWM attempts to avoid, among other things, investment or trading practices that systematically advantage or disadvantage certain client portfolios, and accordingly, AWM's policy is to seek fair and equitable allocation of investment opportunities/transactions among its clients to avoid favoring one client over another over time. It is AWM's policy to allocate investment opportunities and transactions it identifies as being appropriate and prudent among its clients on a fair and equitable basis over time.

AWM may direct clients to third-party investment advisers to manage all or a portion of the client's assets. Before selecting other advisers for clients, AWM will always ensure those other advisers are properly licensed or registered as an investment adviser (or are otherwise eligible to rely on an applicable registration exemption or exception). AWM conducts due diligence on any third-party investment adviser, which may involve one or more of the following: phone calls, meetings with the third-party adviser's management team, review of performance, and adherence to investment strategy. AWM then makes investments with a third-party investment adviser by selecting or recommending the third-party investment

adviser for account management. All fees attributable to this service are payable by the client, and AWM is not compensated by any of its recommended third-party advisers for referrals made. AWM will review the ongoing performance of the third-party adviser as a portion of the client's portfolio.

### ***Services Limited to Specific Types of Investments***

AWM generally limits its investment advice to mutual funds, fixed income securities, real estate funds (including REITs), equities, ETFs, treasury inflation protected/inflation linked bonds and non-U.S. securities. AWM may use other securities as well to help diversify a portfolio when applicable.

### ***Miscellaneous Disclosures***

**Periods of Portfolio Inactivity.** AWM has a fiduciary duty to provide services consistent with the client's best interest. As part of its Portfolio Management services, AWM will review client portfolios on a regular basis to determine if any changes are necessary based upon various factors, including but not limited to investment performance, fund manager tenure, style drift, account additions/withdrawals, the client's financial circumstances, and changes in the client's investment objectives. Based upon these and other factors, there may be extended periods of time when AWM determines that changes to a client's portfolio are neither necessary nor prudent. Clients remain subject to the fees described in Item 5 below during periods of account inactivity. There can be no assurance that investment decisions made by AWM will be profitable or equal any specific performance level(s).

**Cash Positions.** AWM considers cash and cash equivalents (e.g., money market funds, etc.) to be a material component of a client's investment allocation. As a result, at any specific point in time, depending upon perceived or anticipated market conditions/events (there being no guarantee that such anticipated market conditions/events will occur), AWM may maintain cash and/or cash equivalent positions for defensive, liquidity, or other purposes. Unless otherwise agreed, all such cash and cash equivalent positions shall be included as part of assets under management for purposes of calculating AWM's advisory fee. Clients are advised that, at any particular time, AWM's asset-based advisory fee may exceed the yield earned on cash and cash equivalent positions.

**Client Obligations.** In performing its services, AWM shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains their responsibility to promptly notify AWM, in writing, if there is ever any change in their financial situation or investment objectives.

**Retirement Rollovers.** A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If AWM recommends that a client roll over their retirement plan assets into an account to be managed by AWM, such a recommendation creates a conflict of interest if AWM will earn a new (or

increase its current) advisory fee as a result of the rollover. No client is under any obligation to roll over retirement plan assets to an account managed by AWM.

**ERISA / IRC Fiduciary Acknowledgment.** When AWM provides investment advice to a client regarding the client's retirement plan account or individual retirement account, it does so as a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act ("ERISA") and/or the Internal Revenue Code ("IRC"), as applicable, which are laws governing retirement accounts. The way AWM makes money creates some conflicts with client interests, so AWM operates under a special rule that requires it to act in the client's best interest and not put its interests ahead of the client's.

Under this special rule's provisions, AWM must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put its financial interests ahead of the client's when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that AWM gives advice that is in the client's best interest;
- Charge no more than is reasonable for AWM's services; and
- Give the client basic information about conflicts of interest.

### **C. Client Tailored Services and Client Imposed Restrictions**

AWM will tailor a program for each individual client. This will include an interview session to get to know the client's specific needs and requirements as well as a plan that will be executed by AWM on behalf of the client. AWM may use model allocations together with a specific set of recommendations for each client based on their personal restrictions, needs, and targets. Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent AWM from properly servicing the client account, or if the restrictions would require AWM to deviate from its standard suite of services, AWM reserves the right to end the relationship.

Review of financial circumstances including assessment of retirement strategy, education goals and other funding requirements.

### **D. Wrap Fee Programs**

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, and certain other administrative fees. AWM does not sponsor or participate in wrap fee programs.

### **E. Assets Under Management**

AWM has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$698,775,893	\$ 0	December 31, 2023

## Item 5: Fees and Compensation

Clients may utilize our firm to prepare personal income and gift tax returns. For those who do so, a separate fee is quoted and collected. In the case of certain clients, this fee may be allocated from the asset advisory fee already paid by the client.

### A. Fee Schedule

#### *Portfolio Management Fees*

Total Assets Under Management	Annual Fees
\$0 - \$3,000,000	1.00%
\$3,000,000 - \$10,000,000	0.60%
\$10,000,000 - \$25,000,000	0.40%
\$25,000,000 - ALL	0.30%

The advisory fee is calculated using the value of the assets in the Account on the last business day of the prior billing period. Account values for fee calculation purposes are derived from AWM's billing platform, which sources valuation information from a single provider. As such, values used for AWM fee calculation may deviate from values shown on custodian account statements and related documents for a variety of reasons, such as differing treatment of accrued dividends and other earnings, settlement timing differences, and other factors.

These fees are generally negotiable and the final fee schedule will be memorialized in the client's advisory agreement. Alternative annual fee arrangements, such as fixed fees, may be agreed upon between AWM and the client. Certain clients may also be engaged under legacy fee structures or arrangements that are no longer offered to new clients and are not discussed herein. All clients are advised to refer to their advisory agreement with AWM, and any supplements and amendments thereto, for specific details regarding their fee arrangement.

Clients may terminate the agreement without penalty for a full refund of AWM's fees within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the Investment Advisory Contract generally with 30 days' written notice.

#### *Selection of Other Advisers Fees*

AWM will receive its standard fee on top of the fee paid to the third-party adviser. This relationship will be memorialized in each contract between AWM and each third-party adviser, and third-party adviser fees to be borne by the client will be agreed upon and/or disclosed to the client prior to the commencement of the third-party adviser's services. The fees will not exceed any limit imposed by any regulatory agency.

## **B. Payment of Fees**

### ***Payment of Portfolio Management Fees***

Asset-based portfolio management fees are withdrawn directly from the client's accounts with client's written authorization on a quarterly basis, or may be invoiced and billed directly to the client on a quarterly basis. Clients may select the method in which they are billed. Fees are generally paid in advance, unless otherwise agreed. Please see Item 5.D below for further discussion.

### ***Payment of Selection of Other Advisers Fees***

The timing, frequency, and method of paying fees for selection of third-party managers will depend on the specific third-party adviser selected.

## **C. Client Responsibility For Third Party Fees**

Clients are responsible for the payment of all third party fees (i.e. custodian fees, brokerage fees, mutual fund and exchange-traded fund internal expenses, transaction fees and commissions, etc.). Those fees are separate and distinct from the fees and expenses charged by AWM. Please see Item 12 of this brochure regarding broker-dealer/custodian.

## **D. Prepayment of Fees**

AWM generally collects fees in advance. Refunds for fees paid in advance but not yet earned will be refunded on a prorated basis and returned within fourteen days to the client via check, or return deposit back into the client's account. In limited instances, alternative fee arrangements, such as collecting fees in arrears, may be agreed upon with the client, at AWM's sole discretion, and any such alternative fee arrangements will be memorialized in writing with the client.

For all asset-based fees paid in advance, the fee refunded will be equal to the balance of the fees collected in advance minus the daily rate\* times the number of days elapsed in the billing period up to and including the day of termination. (\*The daily rate is calculated by dividing the annual asset-based fee rate by 365.)

## **E. Outside Compensation For the Sale of Securities to Clients**



Neither AWM nor its supervised persons accept any compensation for the sale of investment products, including asset-based sales charges or service fees from the sale of mutual funds.

## Item 6: Performance-Based Fees and Side-By-Side Management

AWM does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## Item 7: Types of Clients

AWM generally provides advisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Charitable Organizations

AWM does not currently impose an account minimum for AWM's services, but minimum annual fees may be assessed, in AWM's sole discretion, on a case-by-case basis. Any such minimum annual fee will be memorialized in writing with the client. AWM's decision to assess a minimum annual fee can be based on a variety of factors, such as the client's account size, financial planning needs, meeting frequency, negotiations, the representative assigned to the client's engagement, and other factors. Clients subject to a minimum annual fee are advised that their annual fee rate may exceed the 1.00% shown in the fee schedule in Item 5 above.

## Item 8: Methods of Analysis, Investment Strategies, & Risk of Loss

### A. Methods of Analysis and Investment Strategies

#### *Methods of Analysis*

AWM's methods of analysis include Fundamental analysis, Modern portfolio theory and Quantitative analysis.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

**Modern portfolio theory** is a theory of investment that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various asset.

**Quantitative analysis** deals with measurable factors as distinguished from qualitative considerations such as the character of management or the state of employee morale, such as the value of assets, the cost of capital, historical projections of sales, and so on.

### *Investment Strategies*

AWM uses long term trading and short term trading. AWM may also deploy dividend return strategies.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **B. Material Risks Involved**

### *Methods of Analysis*

**Fundamental analysis** concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

**Modern portfolio theory** assumes that investors are risk averse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.

**Quantitative analysis** Investment strategies using quantitative models may perform differently than expected as a result of, among other things, the factors used in the models, the weight placed on each factor, changes from the factors' historical trends, and technical issues in the construction and implementation of the models.

### *Investment Strategies*

**Long term trading** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

**Selection of Other Advisers:** Although AWM will seek to select only money managers who will invest clients' assets with the highest level of integrity, AWM's selection process cannot ensure that money managers will perform as desired and AWM will have no

control over the day-to-day operations of any of its selected money managers. AWM would not necessarily be aware of certain activities at the underlying money manager level, including without limitation a money manager's engaging in unreported risks, investment "style drift" or even regulatory breaches or fraud.

**Short term trading** risks include liquidity, economic stability, and inflation, in addition to the long term trading risks listed above. Frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### C. Risks of Specific Securities Utilized

Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below (leaving aside Treasury Inflation Protected/Inflation Linked Bonds) are not guaranteed or insured by the FDIC or any other government agency.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond "fixed income" nature (lower risk) or stock "equity" nature.

**Equity** investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.

**Fixed income** investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.

**Exchange Traded Funds (ETFs):** An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the

possibility of inadequate regulatory compliance.

**Real estate** funds (including REITs) face several kinds of risk that are inherent in the real estate sector, which historically has experienced significant fluctuations and cycles in performance. Revenues and cash flows may be adversely affected by: changes in local real estate market conditions due to changes in national or local economic conditions or changes in local property market characteristics; competition from other properties offering the same or similar services; changes in interest rates and in the state of the debt and equity credit markets; the ongoing need for capital improvements; changes in real estate tax rates and other operating expenses; adverse changes in governmental rules and fiscal policies; adverse changes in zoning laws; the impact of present or future environmental legislation and compliance with environmental laws.

**Non-U.S.** securities present certain risks such as currency fluctuation, political and economic change, social unrest, changes in government regulation, differences in accounting and the lesser degree of accurate public information available.

**Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There are no criminal or civil actions to report.

### **B. Administrative Proceedings**

There are no administrative proceedings to report.

### **C. Self-regulatory Organization (SRO) Proceedings**

There are no self-regulatory organization proceedings to report.

## **Item 10: Other Financial Industry Activities and Affiliations**

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Neither AWM nor its representatives are registered as, or have pending applications to become, a broker/dealer or a representative of a broker/dealer.

## **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither AWM nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

## **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Paul Adair Meloan is a lawyer and from time to time, may offer clients advice or products from this activity. Clients should be aware that recommendations to engage Mr. Meloan's services in this capacity involve a conflict of interest. AWM always acts in the best interest of the client, and clients are in no way required to utilize the services of any representative of AWM in connection with such individual's activities outside of AWM.

Eun Hee Kim is an accountant and from time to time, may offer clients advice or products from this activity. Clients should be aware that recommendations to engage Ms. Kim's services in this capacity involve a conflict of interest. AWM always acts in the best interest of the client, and clients are in no way required to utilize the services of any representative of AWM in connection with such individual's activities outside of AWM.

## **D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections**

AWM may direct clients to third-party investment advisers to manage all or a portion of the client's assets. Clients will pay AWM its standard fee in addition to the standard fee for the advisers to which it directs those clients. This relationship will be memorialized in each contract between AWM and each third-party advisor. The fees will not exceed any limit imposed by any regulatory agency. AWM will always act in the best interests of the client, including when determining which third-party investment adviser to recommend to clients. AWM will ensure that all recommended advisers are licensed and/or notice-filed (or otherwise exempt or except from such requirements) in the states in which AWM is recommending them to clients.

# **Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

## **A. Code of Ethics**

AWM has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality,

Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. AWM's Code of Ethics is available free upon request to any client or prospective client.

### **B. Recommendations Involving Material Financial Interests**

AWM does not recommend that clients buy or sell any security in which a related person to AWM or AWM has a material financial interest.

### **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of AWM may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of AWM to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. AWM will always document any transactions that could be construed as conflicts of interest and will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

### **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of AWM may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of AWM to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, AWM will never engage in trading that operates to the client's disadvantage if representatives of AWM buy or sell securities at or around the same time as clients.

## **Item 12: Brokerage Practices**

### **A. Factors Used to Select Custodians and/or Broker/Dealers**

Custodians/broker-dealers will be recommended based on AWM's duty to seek "best execution," which is the obligation to seek execution of securities transactions for a client on the most favorable terms for the client under the circumstances. Clients will not necessarily pay the lowest commission or commission equivalent, and AWM may also consider the market expertise and research access provided by the broker-dealer/custodian, including but not limited to access to written research, oral communication with analysts, admittance to research conferences and other resources provided by the brokers that may aid in AWM's research efforts. AWM will never charge a premium or commission on transactions, beyond the actual cost imposed by the broker-

dealer/custodian.

AWM will generally recommend that clients use Fidelity Brokerage Services LLC and/or Schwab Institutional, a division of Charles Schwab & Co., Inc. for custody services.

### ***1. Research and Other Soft-Dollar Benefits***

While AWM has no formal soft dollars program in which soft dollars are used to pay for third party services, AWM may receive research, products, or other services from custodians and broker-dealers it recommends to clients.

Though not a soft dollar benefit, AWM can also receive from Fidelity or Schwab (or another broker-dealer/custodian) without cost (and/or at a discount) support services and/or products, certain of which assist AWM to better monitor and service client accounts maintained at such institutions. Included within the support services that can be obtained by AWM are investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by AWM in furtherance of its investment advisory business operations.

Certain of the above support services and/or products assist AWM in managing and administering client accounts. Others do not directly provide such assistance, but rather assist AWM to manage and further develop its business enterprise.

AWM clients do not pay more for investment transactions effected and/or assets maintained at Fidelity or Schwab as a result of this arrangement. There is no corresponding commitment made by AWM to any third-party to invest any specific amount or percentage of client assets in any specific mutual funds, securities, or other investment products as result of the above arrangement.

### ***2. Brokerage for Client Referrals***

AWM receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

### ***3. Clients Directing Which Broker/Dealer/Custodian to Use***

AWM will require clients to use a specific broker-dealer to execute transactions. Not all advisers require clients to use a particular broker-dealer.

## **B. Aggregating (Block) Trading for Multiple Client Accounts**

If AWM buys or sells the same securities on behalf of more than one client, then it may (but would be under no obligation to) aggregate or bunch such securities in a single



transaction for multiple clients in order to seek more favorable prices, lower brokerage commissions, or more efficient execution. In such case, AWM would place an aggregate order with the broker on behalf of all such clients in order to ensure fairness for all clients; provided, however, that trades would be reviewed periodically to ensure that accounts are not systematically disadvantaged by this policy. AWM would determine the appropriate number of shares and select the appropriate brokers consistent with its duty to seek best execution, except for those accounts with specific brokerage direction (if any).

## **Item 13: Review of Accounts**

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

All client accounts for AWM's advisory services provided on an ongoing basis are reviewed at least annually by the client's assigned representative, for consistency with the client's documented circumstances and objectives. Account reviews are overseen by AWM's CCO, Paul Meloan.

### **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

### **C. Content and Frequency of Regular Reports Provided to Clients**

Each client of AWM's advisory services provided on an ongoing basis will receive a report on at least a quarterly basis detailing the client's account, including assets held, asset value, and calculation of fees. This written report will come from the custodian. AWM can also provide, on an annual basis, a separate written statement to the client.

## **Item 14: Client Referrals and Other Compensation**

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

AWM does not receive any economic benefit, directly or indirectly from any third party for advice rendered to AWM's clients. However, certain benefits can be received by AWM from recommended broker-dealers/custodians, as discussed further in Item 12 above.

With respect to Schwab, AWM receives access to Schwab's institutional trading and custody



services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them, so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Schwab Advisor Services. Schwab's services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, 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 AWM client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab also makes available to AWM other products and services that benefit AWM but may not benefit its clients' accounts. These benefits may include national, regional or AWM specific educational events organized and/or sponsored by Schwab Advisor Services. Other potential benefits may include occasional business entertainment of personnel of AWM by Schwab Advisor Services personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist AWM in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts, if applicable), provide research, pricing information and other market data, facilitate payment of AWM's fees from its clients' accounts (if applicable), and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of AWM's accounts. Schwab Advisor Services also makes available to AWM other services intended to help AWM manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, Schwab may make available, arrange and/or pay vendors for these types of services rendered to AWM by independent third parties. Schwab Advisor Services may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to AWM. AWM is independently owned and operated and not affiliated with Schwab.

#### **B. Compensation to Non – Advisory Personnel for Client Referrals**

AWM does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

### **Item 15: Custody**

When advisory fees are deducted directly from client accounts at client's custodian, AWM will be deemed to have limited custody of client's assets and must have written authorization from the client to do so. Clients will receive account statements from their qualified custodian on at least a quarterly basis, identifying the amount of funds and of each security in the account at the end of the period and setting forth all transactions in the account during that period. The custodian does not verify the accuracy of AWM's fee calculations. Clients are advised to compare any statements or performance reports received from AWM against the statements received from their account custodian, and to bring any discrepancies or questions to the attention of their AWM representative.

AWM may be deemed to have custody over the funds and securities of the trust(s) that AWM manages and for which it or its related persons serve as trustee. As such, AWM subjects the affected account(s) to an annual surprise CPA examination in accordance with the requirements of Rule 206(4)-2 under the Investment Advisers Act of 1940.

## **Item 16: Investment Discretion**

AWM provides discretionary and non-discretionary investment advisory services to clients. The advisory contract established with each client sets forth the discretionary authority for trading. Where investment discretion has been granted, AWM generally manages the client's account and makes investment decisions without consultation with the client as to when the securities are to be bought or sold for the account, the total amount of the securities to be bought/sold, what securities to buy or sell, or the price per share. In some instances, AWM's discretionary authority in making these determinations may be limited by conditions imposed by a client (in investment guidelines or objectives, or client instructions otherwise provided to AWM).

## **Item 17: Voting Client Securities (Proxy Voting)**

AWM will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

## **Item 18: Financial Information**

### **A. Balance Sheet**

AWM neither requires nor solicits prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

AWM is unaware of any financial condition that is reasonably likely to impair its ability

to meet its contractual commitments to clients.

### **C. Bankruptcy Petitions in Previous Ten Years**

AWM has not been the subject of a bankruptcy petition in the last ten years.