

**Item 1      Cover Page**

**AEGIS WEALTH MANAGEMENT, LLC**

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MAITLAND, FLORIDA 32751

Telephone: 407-831-3660

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03/30/2017

**Part 2A of Form ADV: *Firm Brochure***

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 407-831-3660 or DDYKSTRA@AEGISWM.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

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

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). You can search this site by a unique identifying number, known as a CRD number.

The Firm's CRD number is 199511.

## Item 2      Material Changes

This Brochure, dated 03/30/2017, provides you with a summary of AEGIS WEALTH MANAGEMENT, LLC (the “Firm”) advisory services and fees, professionals, certain business practices and policies, as well as actual or potential conflicts of interest, among other things. This Item 2 is used to provide our clients with a summary of new and/or updated information; the Firm will inform of the revision(s) based on the nature of the information as follows.

**1. Annual Update:** The Firm is required to update certain information at least annually, within 90 days of the Firm’s fiscal year end of December 31. We will provide you with either a summary of the revised information with an offer to deliver the full revised Brochure within 120 days of our fiscal year end or we will provide you with our revised Brochure that will include a summary of those changes in this Item.

**2. Material Changes:** Should a material change in our operations occur, depending on the nature of the change, the Firm will promptly communicate this change to clients (and it will be summarized in this Item). “Material changes” requiring prompt notification will include changes of ownership or control; location; disciplinary proceedings; significant changes to our advisory services or advisory affiliates; or any information that is critical to a client’s full understanding of who the Firm is, how to find us, and how we do business.

The following summarizes new or revised disclosures based on information previously provided in the Firm Brochure dated 03/30/2016:

- The Firm’s address has changed to 698 North Maitland Ave, Suite 102, Maitland, Florida 32751.
- The Firm’s management is no longer a principal of Palm Equity Management, LLC (“PEM”) and Palm Equity Advisors, LLC (“PEA”). PEM and PEA respectively sponsored and provided investment advisory services to a pooled private investment vehicle which invested and traded in securities.

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## **Item 4      Advisory Business**

AEGIS WEALTH MANAGEMENT, LLC ("Aegis" or the "Firm") is registered with the U.S. Securities and Exchange Commission as an investment adviser with its principal place of business located in Florida. AEGIS WEALTH MANAGEMENT, LLC began conducting business in 2015.

The Firm's principal shareholders (i.e., those individuals and/or entities controlling 25% or more of this company) are:

- Sean Donovan Casterline, Managing Member/CCO
- Dwight Lee Dykstra, Managing Member

As of 12/31/2016, the Firm was actively managing \$106,897,751 of clients' assets on a non-discretionary basis.

The Firm offers the following advisory services to our clients:

### **Asset Management**

Generally, an investment policy statement will be developed for assets to be included under the management agreement. This service includes tracking and review of investments, evaluation of information regarding specific assets, and advice regarding alternative investments and reinvestment of distributions. Asset management is characterized by performance reporting as well as measurement against benchmarks established by the planner and client. Reports to clients are issued on a monthly, quarterly, semi-annual or annual basis, depending on the needs and desires of the client. The asset management service is especially helpful to clients who are managing assets acquired through inheritance, insurance proceeds, or lump sum distributions from retirement plans.

### **Specific Analysis and Financial Advice**

In some instances an Aegis planner may provide analysis and make recommendations on specific areas of concern for the client. Typically these areas of concern include analysis of current financial situation, cash flow, debt management, income taxes and recommendations for funding specific goals.

### **Recommendation of Certain Third Party Advisers:**

Where deemed appropriate, Aegis may recommend the services of certain independent third party investment advisers ("Third Party Adviser") for management of all or a portion of a Client's Account(s). Aegis' recommendations regarding the use of any Third Party Adviser(s) (and the portion of a Client's assets to be managed by such Third Party Advisers) will depend on the Client's particular circumstances, goals and objectives, strategy desired, account size, risk tolerance, and/or other factors. Aegis and the Client will work together to determine which Third Party Adviser(s), if any, may be appropriate.

Where the services of a Third Party Adviser are recommended, a copy of such Third Party Adviser's Form ADV Part 2 (or a substitute disclosure brochure) will be provided to the Client. Clients are encouraged to read and understand this disclosure document. The Client maintains sole discretion with respect to engaging any recommended Third Party Advisers. Clients are never obligated to use a recommended Third Party Adviser.

Aegis currently recommends the following Third Party Advisers to Clients:

- AssetMark, Inc. - CRD #109018 ("AssetMark")
- Rochdale Investment Management, LLC - CRD #117198 ("Rochdale")

Aegis shall review Third Party Advisers prior to making a recommendation to the Client and may recommend Third Party Advisers other than those described above in the future. Aegis shall consider the following factors during its review of prospective Third Party Advisers: fees, reputation, performance, financial strength, management, price, reporting capabilities, Client's financial situation, Client's goals, Client's needs, and Client's investment objectives. After its review, Aegis shall present the Client with one or more recommendations.

If the Client wishes to proceed with the recommendation for engagement of a Third Party Adviser, Aegis shall enter into a co-advisor relationship with the recommended Third Party Adviser (to the extent such an agreement is not already in place). The co-advisor relationship means that Aegis and the Third Party Adviser shall have separate roles while serving the Client. In effect, the Client shall engage both Aegis and the Third Party Adviser to serve the Client's Account(s) and Aegis and the Third Party Adviser shall provide separate services to the Client. Under this arrangement, the Third Party Adviser will be responsible for portfolio management, best execution, portfolio reporting, trading, trade error resolution, and custodian reconciliations with respect to the portion of the Client's assets managed by such Third Party Adviser. Aegis shall maintain its relationship with the Client by monitoring the status of the portion of the Client's assets managed by the Third Party Adviser, making recommendations about the Third Party Adviser (that could include changing to a different Third Party Adviser), meeting with the Client periodically, and acting as the Client's primary financial advisor. All questions regarding the Third Party Adviser's services and performance shall be directed to Aegis.

As a result of Aegis and the Third Party Adviser having different roles, the Client shall engage each in a separate written agreement. The Client will sign a "Selection and Monitoring of Third Party Adviser Addendum" to its written Advisory Agreement with Aegis. This agreement outlines the services provided to the Client by Aegis and the fees associated with those services. It will also allow Aegis the ability to monitor performance of the Third Party Adviser on behalf of the Client. The Client will also sign a separate advisory agreement with the Third Party Adviser that will detail the Third Party Advisers separate services and fees.

The Third Party Advisers currently recommended by Aegis require that Clients maintain the portion of their brokerage accounts to be managed by such Third Party Advisers at the following firms:

- AssetMark, Inc.
- Rochdale Investment Management, LLC - Pershing LLC, 1 Pershing Plaza, Jersey City, New Jersey 07399

### **Comprehensive Financial Planning**

Comprehensive financial planning involves the development and implementation of a coordinated strategy for achieving overall financial goals. Everything that has impact on an individual's financial situation is considered in a comprehensive plan.

The preparation of a plan providing analyses and recommendations is the central focus of the planning process. A comprehensive financial plan involves many activities, including, but not limited to, gathering data, establishing goals, analyzing information, making recommendations and implementing the plan. This process can take as long as six months in the initial stages. Once implemented, the plan needs periodic review and revisions. This review process allows for changing circumstances and needs of the client, as well as investment tracking and comparison. This aspect of the planning process varies in intensity, depending on the magnitude and speed of changes in the clients' situation and in economic conditions.

### **Consulting**

There are situations in which an Aegis planner provides advice on specific topics not involving a comprehensive financial plan. Typically these situations are associated with events such as divorce, death, retirement, or a child entering college.

## **Item 5 Fees and Compensation**

### **Asset Management**

The Firm's annual fees for Portfolio Management Fees are based upon a percentage of assets under management up to 1.50%.

All asset management fees are billed in arrears. Clients have the option of being billed for the fees or having the fee deducted from their assets.

The Firm retains the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule, including but not limited to, the complexity of the client's situation, assets to be placed under management, anticipated future additional assets, related accounts, portfolio style, account composition, reports, among other factors. The specific annual fee schedule is identified in the contract between the adviser and each client.

The Firm may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of the Firm.

### **Planning and Consulting**

The Firm's financial planning fee is determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with any client.

Financial planning fees are calculated and charged on an hourly basis, ranging from \$195 to \$295 per hour. Although the length of time it takes to provide a financial plan depends on each client's personal situation, the Firm will provide an estimate for the total hours at the start of the advisory relationship.

The client is billed quarterly in arrears based on actual hours accrued.

### **General Information**

Mutual funds are frequently recommended. The client is advised and should be aware of the fact that mutual funds have internal management fees and expenses, and therefore the management fee becomes an added fee. Thus, two management fees are paid for those assets invested in mutual funds.

We use only "no load" mutual funds, or funds that will waive the load for our accounts.

Clients may be charged transaction fees in conjunction with purchases or sales of securities. These costs are usually low (\$7 - \$18) and are a charge by the brokerage firm for transacting the trade.

Management personnel and other related persons of the Firm are licensed as registered representatives of a broker/dealer and/or licensed as insurance agents or brokers. In their separate capacities, these individuals are able to implement investment recommendations for advisory clients for separate and typical compensation (i.e., commissions, 12b-1 fees or other sales-related forms of compensation). This situation presents a conflict of interest to the extent that these individuals recommend that a client invest in a security which results in a commission being paid to the individuals. Clients are not under any obligation to engage these individuals when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

***Termination of the Advisory Relationship:*** A client agreement may be canceled at any time, by either party, for any reason, upon receipt of 30 days' prior written notice.

***Wrap Fee Programs and Separately Managed Account Fees:*** Clients participating in separately managed account programs may be charged various program fees in addition to the advisory fee charged by the Firm. Such fees may include the investment advisory fees of the independent advisers, which may be charged as part of a wrap fee arrangement. In a wrap fee arrangement, clients pay a single fee for advisory, brokerage and custodial services. Client's portfolio transactions may be

executed without commission charge in a wrap fee arrangement. In evaluating such an arrangement, the client should also consider that, depending upon the level of the wrap fee charged by the broker/dealer, the amount of portfolio activity in the client's account, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately. We will review with clients any separate program fees that may be charged to clients.

***Additional Fees and Expenses:*** In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker/dealers, including, but not limited to, any transaction charges imposed by a broker/dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to Item 10 of this Brochure, "Brokerage Practices", for additional information.

***ERISA Accounts:*** Pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986, the Firm is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts. As such, we are subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, we may only charge fees for investment advice about products for which the Firm and/or related persons do not receive any commissions or 12b-1 fees, except that the Firm and/or related persons may provide investment advice about products for which we receive commissions or 12b-1 fees, only if such fees are used to offset our advisory fees.

***Advisory Fees in General:*** Clients should note that similar advisory services may or may not be available from other investment advisers for similar or lower fees.

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

The Firm does not charge performance-based fees.

## **Item 7      Types of Clients**

The Firm provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Pension and profit sharing plans (other than plan participants)
- Corporations or other businesses not listed above
- Other

We provide asset management services for our clients on a non-discretionary basis. Recommended changes are discussed with clients, in the context of their goals and objectives. Client restriction, if any, is considered when developing the recommendation.



Each client portfolio is structured to the specific client, their goals and objectives, and risk perceptions. While accounts may have similar or identical securities to other accounts, the composition will be unique to the individual client.

## **Item 8      Methods of Analysis, Investment Strategies and Risk of Loss**

Advice regarding investments is an integral part of our services. We look for value in investments. Consequently, our approach is basically fundamental and our strategies primarily long-term, matched to the needs and goals established by the planner and client. We give advice on most investments, including, but not limited to, stocks, bonds, certificates of deposit, life insurance, mutual funds, and annuities.

In formulation of our recommendations, we rely on data collected from financial newspapers and magazines, research reports and newsletters, annual reports, etc.

Philosophically, our portfolios are based, in part, on Modern Portfolio Theory, which allows us to construct balanced and diversified accounts with an emphasis on long-term total performance, consistent with any specific client's risk tolerance and/or financial goal. Results are compared to the risk and returns of the Standard and Poor's 500 stock index (S&P 500) as a way to monitor an account's performance given market conditions. We use the S&P 500 because the data are readily available and the index represents a broad coverage of large US Corporations. The actual investment portfolios will not, in most cases, be a reflection of the S&P 500.

Strategically, we attempt to reduce risk by identifying groups of non-highly-correlated investments and holding them in the portfolio. This process should result in an account that exhibits less volatility than the S&P 500 index and generally be expected to provide similar or better risk-adjusted total return over time. We use cash as a tool to further moderate risk, holding less for more aggressive accounts, holding more for more conservative accounts. This cash also serves as a source for short-term financial needs, allowing the long-term investment portion of the portfolio to stay invested without any need for major restructuring.

The actual volatility and return for each portfolio is evaluated at least on a quarterly basis to determine if these factors remain within the expected range. When a deviation from expected values occurs, we will recommend changes for the client's approval. After a portfolio has been initially invested, there are normally a limited number of transactions required to maintain the balance and diversification desired.

Brokerage transaction cost is reduced by not trading frequently. Equity securities should be viewed as longer-term investments; frequent trading can affect overall investment performance and expose the portfolio to greater risk.

Our portfolios generally have 70 – 85% of the assets in stock positions, either through individual securities, exchange traded funds, or mutual funds. Specific recommendations are based upon, but

not limited to, certain factors such as account size, withdrawal rate, tax consequences, and a client's age/financial goal/risk tolerance.

The assets in the portfolios are financial securities. Any investment of this type involves a risk of loss, not only of income but of investment dollars which the investor client must be prepared to bear. An extended period of market uncertainty or economic recession could result in significant loss of value.

## **Item 9      Disciplinary Information**

The Firm is required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

There are no reportable disciplinary events for the Firm or its management personnel.

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

Dwight Dykstra, the co-managing member and co-principal of Aegis, is a registered representative (securities broker) for Vision Brokerage Services, LLC, a principal of Florida Financial Strategies, LLC ("FFS"), a financial services company whose employees provide securities services to clients through Vision Brokerage Services and a co-managing member and co-principal of Alternative Investment Advisors, LLC, a registered investment adviser. In his capacity with Vision, Mr. Dykstra provides broker/dealer services through Vision. The broker/dealer services delivered by Vision are distinct from those provided by us and are provided for separate compensation. Vision's services may be recommended to our clients for whom it is appropriate. There are no referral fee arrangements between the Firm and Vision. However, a conflict of interest is created by this arrangement to the extent that this individual recommends that a client of the Firm opens a Vision account through which this individual will receive additional compensation. None of our clients are obligated to use Vision or its services. Clients choosing to implement our recommendations through Vision should refer to Vision's disclosure document for details regarding Vision's services and fees.

Mr. Dykstra is the manager of Tuscan Gardens Alternative Income Fund Manager, LLC ("TGAIFM"). TGAIFM is in the business of managing capital funding for an assisted living facility through Tuscan Gardens Alternative Income Fund, LLC, ("TGAIF") a private investment vehicle. Mr. Dykstra and/or AIA may recommend that clients of the firm invest in TGAIF, which could result in a conflict of interest. Clients are hereby advised that Mr. Dykstra has an incentive to recommend TGAIF over other investments given this affiliation. However, Clients are under no obligation to make any investment in TGAIF and should refer to the private offering documents of TGAIF for full disclosure of the risks, fees and other pertinent information.

Sean Casterline, the co-managing member and co-principal of Aegis, is separately licensed as an investment adviser representative of Delta Capital Management, LLC, Delta Advisory Group, Inc. (collectively "Delta") and Cafaro Greenleaf Advisors, LLC ("Greenleaf"). In that capacity, this individual provides advisory services through Delta and Greenleaf. The advisory services delivered by Delta and Greenleaf are distinct from those provided by us and are provided for separate

compensation. Delta's and Greenleaf's advisory services may be recommended to our clients for whom it is appropriate. There are no referral fee arrangements between the Firm and Delta or Greenleaf. However, a conflict of interest is created by this arrangement to the extent that these individuals recommend that a client of the Firm open a Delta or Greenleaf account through which these individuals will receive additional compensation. None of our clients are obligated to use Delta, Greenleaf or their services. Clients choosing to implement our recommendations through Delta or Greenleaf should refer to Delta's or Greenleaf's brochures or other disclosure document for details regarding Delta's and Greenleaf's services and fees.

Mr. Casterline is also separately licensed as a registered representative of International Assets Advisory, LLC ("IAA"). In that capacity, this individual provides broker/dealer services through IAA. The broker/dealer services delivered by IAA are distinct from those provided by us and are provided for separate compensation. IAA's services may be recommended to our clients for whom it is appropriate. There are no referral fee arrangements between the Firm and IAA. However, a conflict of interest is created by this arrangement to the extent that this individual recommends that a client of the Firm opens an IAA account through which this individual will receive additional compensation. None of our clients are obligated to use IAA or its services. Clients choosing to implement our recommendations through IAA should refer to IAA's disclosure document for details regarding IAA's services and fees.

Mr. Casterline is a principal of Dollar Secured Income Fund Manager, LLC, the Managing Member of Dollar Secured Income Fund, LLC (the "Dollar Fund"). The Managing Member has designated the Firm as having responsibility for investment management and administrative matters, such as accounting tax and periodic reporting, pertaining to the Dollar Fund. The Firm and our members, officers and employees will devote to the Dollar Fund as much time as the Firm deem necessary and appropriate to manage the Dollar Fund's business.

Mr. Casterline also solicits investments for and promote various Tuscan Gardens Income Funds and Tuscan Gardens Growth and Income Funds (the "Tuscan Funds"). The Firm is not responsible for investment management or administrative matters for the Tuscan Funds.

Investments in the Tuscan Funds may be recommended to advisory clients for whom a limited liability company investment may be more suitable than would a separate advisory account managed by the Firm. Clients who invest in the Tuscan Funds are not charged any additional advisory fees other than the advisory fee allocated to the members of the Tuscan Funds.

As required, any affiliated investment advisers are specifically disclosed in Section 7.A. on Schedule D of Form ADV, Part 1. (Part 1 of the Firm's Form ADV can be accessed by following the directions provided on the cover page of this Brochure.)

Clients should be aware that the receipt of additional compensation by the Firm and its management persons or employees creates a conflict of interest that may impair the objectivity of the Firm and these individuals when making advisory recommendations. The Firm endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser. The Firm takes the following steps to address this conflict:

- Disclosing to clients the existence of all material conflicts of interest, including the potential for the Firm and its employees to earn compensation from advisory clients in addition to our advisory fees;
- Disclosing to clients that they are not obligated to purchase recommended investment products from employees or affiliated companies;
- Collecting, maintaining and documenting accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- Conducting regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
- Requiring that employees seek prior approval of any outside employment activity so that we can ensure that any conflicts of interests in such activities are properly addressed;
- Periodically monitoring these outside employment activities to verify that any conflicts of interest continue to be properly addressed by us; and
- Educating employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

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

The Firm has adopted a Code of Ethics (the "Code") which sets forth high ethical standards of business conduct that the Firm requires of its employees, including compliance with applicable federal securities laws.

The Firm and its personnel owe a duty of loyalty, fairness and good faith toward our clients, and have an obligation to adhere not only to the specific provisions of the Code but to the general principles that guide the Code.

The Code includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the Firm's access persons. Among other things, the Code requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. The Code also provides for oversight, enforcement and recordkeeping provisions.

The Code further includes our policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of the Code is available to our advisory clients and prospective clients. You may request a copy by email sent to DDYKSTRA@AEGISWM.COM, or by calling us at 407-831-3660.

The Code is designed to assure that the personal securities transactions, activities and interests of our employees 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 employees to invest for their own accounts.

The Firm and/or individuals associated with the Firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person may have an interest or position in a certain securities which may also be recommended to a client.

It is our expressed policy that no person employed by us may purchase or sell any security prior to transactions being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

The Firm may aggregate employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average share price and transaction costs will be shared equally and on a pro rata basis. In the instances where there is a partial fill of a particular batched order, the Firm will allocate all purchases pro rata, with each account paying the average price. Our employee accounts will be included in the pro rata allocation.

As these situations represent actual or potential conflicts of interest to our clients, the Firm has established the following policies and procedures for implementing the Code, to ensure the Firm complies with its regulatory obligations and to provide clients and potential clients with full and fair disclosure of such conflicts of interest:

1. No principal or employee of the Firm may put his/her own interest above the interest of an advisory client.
2. No principal or employee of the Firm may buy or sell securities for his/her personal portfolio(s) where his/her decision is a result of information received as a result of his/her employment unless the information is also available to the investing public.
3. No person employed by the Firm may purchase or sell any security prior to transactions being implemented for an advisory account to prevent such employees from benefiting from transactions placed on behalf of advisory accounts.
4. The Firm requires prior approval for any initial public offering or private placement investments by related persons of the Firm.

5. The Firm maintains a list of all reportable securities holdings for the Firm and anyone associated with the Firm that has access to advisory recommendations. These holdings are reviewed on a regular basis by the Firm's Chief Compliance Officer or his/her designee.

6. The Firm has established procedures for the maintenance of all required books and records.

7. All of the Firm's principals and employees must act in accordance with all applicable laws, rules and regulations governing registered investment advisory practices.

8. The Firm requires delivery and acknowledgment of the Code by each person associated with us.

9. The Firm has established policies requiring the reporting of Code violations to senior management.

10. Any individual who violates any of the above restrictions may be subject to termination.

## **Item 12 Brokerage Practices**

The Firm has an arrangement with National Financial Services LLC and Fidelity Brokerage Services LLC (collectively with affiliates, "Fidelity") through which Fidelity provides us with "institutional platform services". The institutional platform services include, among others, brokerage, custody, and other related services. Fidelity's institutional platform services that assist us in managing and administering clients' accounts 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 fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.<sup>698</sup>

We will arrange for the execution of securities brokerage transactions for the account through Fidelity. In seeking best execution, the determinative factor is not lowest possible commission cost but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealers' service, including the value of research provided, execution capability, commission rates and responsiveness. Accordingly, although we will seek competitive commission rates, we may not necessarily obtain the lowest possible commission rate for account transactions.

Clients are encouraged, but not required, to establish an account with Fidelity. The client may direct Aegis to use a particular broker-dealer (subject to our right to decline and/or terminate the engagement) to execute some or all transactions for the client's account. In such event, the client will negotiate terms and arrangements for the account with that broker-dealer and Aegis will not seek better execution services or prices from other broker-dealers. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on

transactions for the accounts than would otherwise be the case. In the event that transactions for client accounts are executed through a broker-dealer that refers clients to Aegis, the potential for conflict of interest may arise.

We do not receive specific soft dollar benefits from Fidelity or other brokerage firms. Additionally, we receive no client referrals as an incentive to use Fidelity or any other brokerage to hold client assets.

The Firm may recommend that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. ("Schwab"), to maintain custody of clients' assets and to effect trades for their accounts. Although we may recommend that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab.

Our firm is independently owned and operated and not affiliated with Schwab.

Schwab provides the Firm with access to its 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. These services are not contingent upon the Firm committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab's brokerage services 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 our client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and 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 us other products and services that benefit us but may not directly benefit our clients' accounts. Many of these products and services may be used to service all or some substantial number of our client accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist the Firm in managing and administering our clients' accounts 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 our fees from clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Schwab also offers other services intended to help us manage and further develop our 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.

Schwab may make available, arrange and/or pay third party vendors for the types of services rendered to us. Schwab 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 us. Schwab may also provide other benefits such as educational events or occasional business entertainment of our personnel. In evaluating whether to recommend or require that clients custody their assets at Schwab, we 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 we consider and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

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

Client accounts are reviewed quarterly or semi-annually, based upon the client billing cycle. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

For asset management accounts, a performance analysis is performed. This analysis includes the cumulative and average annual compound total return for each account as well as a detailed performance of each financial asset in the account. The asset name, cost basis, current value, cumulative and year to date income and cumulative and annual compound total returns are provided.

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

It is our policy not to engage solicitors or to pay related or non-related persons for referring potential clients to the Firm.

#### **Other Compensation**

The Firm does act as a solicitor for AssetMark. The Firm's relationship with AssetMark is discussed in Item 4 hereinabove.

The Firm and/or its associated persons are eligible to receive incentive awards (including prizes such as trips or bonuses) for recommending certain types of investment products.

While we endeavor at all times to put the interest of our clients first as part of our fiduciary duty, the possibility of receiving incentive awards creates a conflict of interest, and may affect the judgment of these individuals when making recommendations.

### **Item 15      Custody**

As previously discussed, we prefer that clients' assets be held at Fidelity or Schwab. Fidelity and Schwab provide statements to clients at least quarterly. Most clients receive monthly statements from Fidelity or Schwab.



We urge clients to compare our reports to the Fidelity, Schwab, or other brokerage firms' independent statements.

The Firm does not have actual or constructive custody of client accounts.

## **Item 16 Investment Discretion**

Clients may hire the Firm to provide discretionary asset management services, in which case we are not required to obtain the client's permission prior to placing trades in a client's account. This discretionary authority includes the ability to determine the security to buy or sell and/or the amount of the security to buy or sell without contacting the client.

Clients give the Firm discretionary authority when they sign a discretionary agreement with us, and may limit this authority by giving us written instructions. Clients may also amend such authority by providing us with written instructions.

## **Item 17 Voting Client Securities**

We do not accept authority to vote client securities. Clients will receive proxies and other solicitation material directly from Fidelity or the brokerage holding their securities.

## **Item 18 Financial Information**

As previously discussed, fees are received in arrears, whether paid directly by the client or deducted from client assets.

The Firm or its affiliated persons have not been the subject of a bankruptcy petition at any time during the past ten years.