

Item 1 Cover Page

**Form ADV, Part 2A Appendix 1  
Wrap Fee Program Brochure**

RBC uMAS Advisor Managed Program

RBC uMAS Advisor Directed Program

RBC Advisor Program

RBC Consulting Solutions Program

RBC Unified Portfolio Program

Axos Advisor Managed Program

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This wrap fee program brochure provides information about the qualifications and business practices of Aegis Capital Corporation (“Aegis”). If you have any questions about the contents of this brochure, please contact us at: 212-813-1010, or by email at: [info@aegiscap.com](mailto:info@aegiscap.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 is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

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

**June 29, 2021**



## **Item 2 Material Changes**

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

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

The Firm has been involved in regulatory matters in the normal course of business.

### **Full Brochure Available**

Whenever you would like to receive a complete copy of our Brochure, please contact us by telephone at: 212-813-1010 or by email at: [info@aegiscap.com](mailto:info@aegiscap.com).

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## **Item 4 Services, Fees and Compensation**

Aegis is engaged in a number of financial services businesses, including the offering of investment advisory services, annuities, insurance, stocks, bonds, mutual funds, and investment banking. Aegis is registered as a broker-dealer and investment adviser with the U.S. Securities and Exchange Commission (the “SEC”) and is a member of the Financial Industry Regulatory Authority (“FINRA”). While Aegis earns income from its Fee Accounts through a quarterly asset-based fee, it may also charge a commission to cover the cost of acquisition or sale of securities in a client's account. The fee clients pay will vary depending on the investment advisory program selected.

**Investing in securities involves risk of loss that clients should be prepared to bear. The investment performance and success of any particular investment cannot be predicted or guaranteed, and the value of a client’s investments will fluctuate due to market conditions and other factors. Investments are subject to various risks including, but not limited to, market, liquidity, currency, economic and political risks, and will not necessarily be profitable. Past performance of investments is not indicative of future performance.**

### **a. Services**

In a discretionary account, the customer gives the Portfolio Manager the authorization to make purchases and sales in the account without first obtaining the customer’s permission. In a non-discretionary account, the portfolio manager must obtain the customer’s permission to make purchases and sales. Aegis advisory accounts may be nondiscretionary or discretionary, as described in each advisory agreement.

All Program account assets are held with RBC Capital Markets, LLC (“RBC CM”) or Axos Clearing LLC (“Axos”), the clearing brokers and qualified custodians for Aegis, together referred to as RBC/Axos. In general, orders are introduced through Aegis to RBC/Axos.

Please see the RBC Program Brochure for additional information.

### **RBC Unbundled Managed Account Solutions (uMAS)**

The RBC uMAS platform offers an A La Carte offering list with quarterly performance reporting and flexible billing options as well as comprehensive portfolio management tools. These tools are chosen after the client and Financial Consultant review and execute the Aegis Client Agreement. Reports may include market commentary, summary reports, risk comparison statistics utilizing Riskalyze, asset allocation market values, cash flows, and portfolio evaluation. Outside Money Manager Portfolios may also be included in the reporting. The uMAS program also allows the Advisors to provide the client with customized, professional investment advice. The Advisor develops an asset allocation strategy suited to the client’s best interest and needs. uMAS accounts may be non-discretionary or discretionary, as described in each advisory agreement.

## **1. RBC uMAS Advisor Managed Program**

To participate in the Program, clients are required to complete and execute the Aegis Investment Advisory Client Agreement (the “Client Agreement”) for any Program account(s). In the Client Agreement, clients grant Aegis authority to manage their accounts on a discretionary basis, subject only to any reasonable investment restrictions and/or any written investment guidelines or policies that the client has provided to Aegis and Aegis has accepted by notifying the client in writing of such acceptance. Each client’s grant of discretion to Aegis typically includes the client’s authorization of Aegis to invest in securities and other investments of any nature whatsoever, at the time and in the manner that Aegis determines, and to act on the client’s behalf in all other matters necessary or incidental to the handling of the account, without having to first obtain an “order” from the client or discussing these transactions or actions with the client in advance. One or more Aegis Advisors, who are employees/contractor and registered representatives of Aegis, will be directly responsible for making the investment decisions for the account and will be reasonably available to discuss the management of the account with the client. Each Advisor typically manages his or her clients’ Program accounts in accordance with the Advisor’s individual investment style(s) and strategy or strategies, taking into consideration each client’s best interest, risk tolerance, financial situation and investment objective for the Program account.

Aegis typically provides Program clients not only with investment advice and discretionary portfolio management services but also arranges for trade execution and clearing, settlement and custodial services through RBC. In other words, RBC in its capacity generally executes the trades for Program accounts and provides trade clearing and settlement services of the trades placed by each Advisor for Program accounts and maintains custody of client assets in the Program, which includes receiving and crediting to Program accounts all interest, dividends and other distributions that RBC receives on assets in the accounts. When these services are provided by another executing broker-dealer or custodian – either because applicable law requires it or upon the client’s request and Aegis consent the other broker-dealer and/or custodian are entirely responsible for the execution, clearing, and/or settlement of the transaction and/or custody of the client’s Program account assets. When RBC executes transactions for Program clients, the division of RBC that handles the execution may receive compensation (or compensation credits) from Aegis.

In general, Aegis also provides clients with periodic written performance reviews of their accounts in the Program, which are included in the Program fee paid by the client, and which are further described in Item 9 of this Brochure. However, certain Program accounts may not receive such reviews; in its discretion, Aegis may not provide a client with written performance reviews for a Program account if, for example, the account’s assets are not custodied by RBC or Aegis concludes that the nature of the investment strategy used or securities held in the account makes valuation, performance measurement or performance benchmarking too difficult, infeasible or insufficiently valid or useful to the client.

## **2. RBC uMAS Advisor Directed Program**

To participate in the Program, clients are required to complete and execute the Aegis Investment Advisory Client Agreement (the “Client Agreement”) for the Program account(s), one or more Aegis

Advisors, who are employees/consultants and registered representatives of Aegis, will advise the client's account in the Program on a nondiscretionary basis and provide information and advice in accordance with the client's investment objective and risk tolerance. This advice may include recommendations to purchase or sell assets in the account; however, the client retains sole discretion for final investment decisions, including selecting securities in which to invest and quantities to purchase and/or sell. Because Program accounts are advised on a nondiscretionary basis, the client's Advisor will purchase, sell or otherwise trade securities or other investments for the account only after the client has instructed Aegis to effect the transaction.

Upon the client's request, Aegis may (i) assist the client in the review, evaluation and/or formulation of the client's investment objective and risk tolerance and/or (ii) identify for the client a target asset allocation for the account based on information the client provides to Aegis and assist the client in connection with portfolio construction. The client is solely responsible for making all decisions regarding the adoption and implementation of the client's investment objective, risk tolerance and target asset allocation. When the client adopts a particular target asset allocation, the actual asset allocation of the client's Program account may change over time due to fluctuations in the market value of account assets, client additions or withdrawals and/or investment decisions by the client that deviate from Aegis' advice or the target allocation. A change in the information provided to Aegis or other circumstances may warrant a change to the client's investment objective, risk tolerance or target asset allocation. Generally, Aegis will contact the client semi-annually to review the Program account ("Portfolio Review") to assist the client in ensuring that the account remains consistent with the client's investment objective and risk tolerance and within appropriate asset allocation parameters and other Program guidelines. The client retains final decision-making authority and responsibility for the selection of, and any changes to, the investment objective, risk tolerance, the target and/or actual asset allocation, and the particular securities and other assets held in the account.

Aegis generally permits clients to place unsolicited orders for the purchase and/or sale of securities in Program accounts, subject to any limits, restrictions and/or conditions Aegis may choose to enforce on such orders and Aegis' right, in its sole discretion, to decline to accept or effect such an order in a Program account at any time, with or without prior notice to the client.

Aegis typically provides Program clients not only with investment advice but also arranges for trade execution, clearing, settlement, custody and reporting services through RBC. In other words, RBC in its capacity generally executes the trades for Program accounts and generally provides trade clearing and settlement services and custody of client assets in the Program, which includes receiving and crediting to Program accounts all interest, dividends and other distributions that RBC receives on assets in the accounts. When the services are provided by another executing broker-dealer or custodian – either because applicable law requires it or upon the client's request and Aegis' consent the other broker-dealer and/or custodian are entirely responsible for the execution, clearing, and/or settlement of the transaction and/or custody of the client's Program account assets. When RBC executes transactions for Program clients, the division of RBC that handles the execution may receive compensation (or compensation credits) from Aegis.

In general (and as further discussed below), Aegis also provides clients with periodic written performance reviews of their accounts in the Program, which are also included in the Program fee

paid by the client. However, certain Program accounts may not receive such reviews; in its discretion, Aegis may not provide a client with written performance reviews for a Program account if, for example, the account's assets are not custodied by RBC, or Aegis concludes that the nature of the investment strategy used or securities held in the account makes valuation, performance measurement or performance benchmarking too difficult, infeasible or insufficiently valid or useful to the client. Please see the RBC Program Brochure for additional information.

### **3. RBC Advisor Program**

The RBC Advisor Program is a non-discretionary account whereby an Advisor will assist the client in developing a portfolio of investments which can include a mix of individual stock, bonds, mutual funds, ETFs and other securities. Clients have the option of automatic rebalancing for accounts invested solely in mutual funds and cash in accordance with pre-determined models. The Advisor will not act as a portfolio manager for the account whereby he/she would have discretionary authority but rather on a non-discretionary basis work with clients to develop a portfolio of various investments if the fee structure offered for the type of account is appropriate for the client. Client should refer to the RBC disclosure brochure for additional information regarding the Advisor Program.

### **4. RBC Consulting Solutions Program**

Consulting Solutions is an advisory Program through which accounts are managed by one or more professional Investment Managers participating in the Program. Aegis Advisors will provide you with information on Investment Managers whose investment philosophy and objectives may be compatible with your Risk Profile. RBC CM makes available Investment Managers who meet certain eligibility requirements for participation in the Program. In the Consulting Solutions Program, you sign advisory agreements with RBC and Aegis. You do not sign a separate agreement with the Investment Manager. Please see the RBC Program Brochure for additional information.

### **5. RBC Unified Portfolio Program**

RBC Unified Portfolio is a unified managed account "UMA" program through which your account is professionally managed by RBC CM as Overlay Manager or a third-party Overlay Manager, Envestnet. The Overlay Manager manages the account through investments in mutual funds, ETPs, and/or in accordance with one or more model portfolios provided by Model Providers or RBC CM, all in a single account. Your Advisor may provide you with information on mutual funds, ETPs, and/or model portfolios representing different investment styles and strategies that may be compatible with your Risk Profile. The management of your account may include tax overlay management services and/or personal conviction overlay screens. If you elect tax overlay management services and/or personal conviction overlay screens, your account will be managed by Envestnet as Overlay Manager. Accounts not electing tax overlay management services and/or personal conviction overlay screens will be managed by RBC CM as Overlay Manager. Please see the RBC Program Brochure for additional information.

### **6. Axos Advisor Managed Program**



To participate in the Program, clients are required to complete and execute the Aegis Investment Advisory Client Agreement (the “Client Agreement”) for any Program account(s). In the Client Agreement, clients grant Aegis authority to manage their accounts on a discretionary basis, subject only to any reasonable investment restrictions and/or any written investment guidelines or policies that the client has provided to Aegis and Aegis has accepted by notifying the client in writing of such acceptance. Each client’s grant of discretion to Aegis typically includes the client’s authorization of Aegis to invest in securities and other investments of any nature whatsoever, at the time and in the manner that Aegis determines, and to act on the client’s behalf in all other matters necessary or incidental to the handling of the account, without having to first obtain an “order” from the client or discussing these transactions or actions with the client in advance. One or more Aegis Advisors, who are employees/contractor and registered representatives of Aegis, will be directly responsible for making the investment decisions for the account and will be reasonably available to discuss the management of the account with the client. Each Advisor typically manages his or her clients’ Program accounts in accordance with the Advisor’s individual investment style(s) and strategy or strategies, taking into consideration each client’s best interest, risk tolerance, financial situation and investment objective for the Program account.

Aegis typically provides Program clients not only with investment advice and discretionary portfolio management services but also arranges for trade execution and clearing, settlement and custodial services through Axos. In other words, Axos in its capacity generally executes the trades for Program accounts and provides trade clearing and settlement services of the trades placed by each Advisor for Program accounts and maintains custody of client assets in the Program, which includes receiving and crediting to Program accounts all interest, dividends and other distributions that Axos receives on assets in the accounts. When these services are provided by another executing broker-dealer or custodian – either because applicable law requires it or upon the client’s request and Aegis consent the other broker-dealer and/or custodian are entirely responsible for the execution, clearing, and/or settlement of the transaction and/or custody of the client’s Program account assets. When Axos executes transactions for Program clients, the division of Axos that handles the execution may receive compensation (or compensation credits) from Aegis.

In general, Aegis also provides clients with periodic written performance reviews of their accounts in the Program, which are included in the Program fee paid by the client, and which are further described in Item 9 of this Brochure. However, certain Program accounts may not receive such reviews; in its discretion, Aegis may not provide a client with written performance reviews for a Program account if, for example, the account’s assets are not custodied by Axos or Aegis concludes that the nature of the investment strategy used or securities held in the account makes valuation, performance measurement or performance benchmarking too difficult, infeasible or insufficiently valid or useful to the client.

## **b. Fees**

The Program is known as a “wrap fee” investment advisory program because, as noted above, clients in the Program pay Aegis a single, asset-based fee (the “Fee”) that covers Aegis’ investment advice, execution of transactions, clearing and settlement of trades and custody of clients’ assets and, typically, periodic written performance reviews.

Typically, for the services provided by Aegis, each account in the Program is charged the Fee quarterly, in advance, on the net market value of the assets in the Program account (including all cash and cash alternatives such as money market mutual funds). The Fee must be a flat rate expressed as a percentage with no more than two decimal places. The rate used for the Fee each quarter will be approximately one-fourth of the applicable annual rate based on the number of days in the quarter.

In the below referenced wrap fee Programs where the Transaction Costs are Charged to the Advisor:

1. RBC uMAS Advisor Managed Program
  2. RBC uMAS Advisor Directed Program
  3. RBC Advisor Program
  4. RBC Consulting Solutions Program
  5. RBC Unified Portfolio Program
  6. AXOS Advisor Managed Program
- On the first \$250,000 of assets the maximum fee is 3.00%, on the next \$750,000 the maximum fee is 2.75% and any assets over \$1,000,000 the maximum fee is 2.50%.

If the Transaction Costs are Charged to the Client (uMAS Programs Only; Transaction Fee is \$35 per, but may vary):

- On the first \$250,000 of assets the maximum fee is 2.50%, on the next \$750,000 the maximum fee is 2.25% and any assets over \$1,000,000 the maximum fee is 2.00%.

Upon termination of the account, Aegis will refund to the client any prepaid amount of the Fee prorated for the number of days left in the quarter.

#### **c. Negotiability of Fee**

In its discretion, and subject to the maximum Fee rate described above, Aegis may negotiate the amount and calculation of the Fee and any other fees charged by Aegis for services not covered by the Fee based on a number of factors, including the type and size of the account, anticipated level of trading activity, services provided to the account, historical factors, and the scope of the client's relationship with Aegis. In addition, Aegis' negotiation of the Fee is generally subject to certain guidelines based on the total value of assets invested, or expected to be invested, by the client across Aegis' various investment advisory programs.

The amount of the Fee will be specified in the Client Agreement provided to the Client. The Fee charged to a client may be higher or lower than the Fee Aegis charges other clients in investment advisory programs, and/or the cost of similar services offered through other financial firms.

#### **d. Portion of Fee Paid to Financial Advisors**

Aegis typically pays a portion of the Fee it receives from each client in the Program to the Advisor(s) for that client. The exact portion of the Fee paid by Aegis to Advisors may vary and also may depend on a Financial Advisor's overall annual revenue production, but typically ranges from 40% to 50%.

***Because the amount received by an Advisor as a result of a client's participation in the Program may be more than the Financial Advisor would receive if the client participated in another Aegis investment advisory program or paid separately for investment advice, brokerage and other services covered by the Fee, the Financial Advisor may have a financial incentive to recommend the Program over other programs or services.***

#### **e. Comparative Cost of the Program**

***Participation in the Program may cost the client more or less than purchasing the services provided in the Program separately.*** The factors that bear upon the relative cost of the Program include:

- the cost of the services if provided and charged for separately;
- the Fee charged to the client in the Program;
- the trading activity in the client's account; and
- the quality and value of the services provided.

For example, Advisors may utilize a "buy-and-hold" investment strategy that generally seeks investments intended to be held on a long-term basis. Program accounts invested according to such a strategy may experience less trading activity and lower turnover than accounts invested according to a shorter-term strategy. Therefore, because the client pays the full fee regardless of the low number of transactions in the account, such an account increases the likelihood that the client would pay less for the Program's services (including brokerage services) by participating in one of the uMAS programs rather than an RBC sponsored program, which would incur an increased program fee.

#### **f. Fees in Addition to the Program Fee**

The Fee does not cover, and is in addition to, commissions, commission equivalents ("mark-ups" or "mark-downs") or other charges resulting from transactions not effected by RBC or clearing, settlement and custody services provided by a custodian other than RBC. (In certain circumstances and subject to certain requirements, and in Aegis' sole discretion, Aegis may allow a client to specify in writing that a third-party custodian be used for the provision of such services.) The Fee also does not cover certain costs or charges that may be imposed by RBC or third parties, including costs associated with using margin (including margin interest), exchanging foreign currencies, borrowing fees on short sales, odd-lot differentials, activity assessment fees, transfer taxes, exchange fees, wire transfer fees, postage fees, auction fees, foreign clearing, and other fees or taxes required by law.

In addition, the Fee does not cover "mark-ups," "mark-downs" or "dealer spreads" charged by dealers unaffiliated with Aegis or RBC when Aegis or RBC, acting as agent for the client in the Program, effects a transaction with an unaffiliated dealer acting as principal (i.e., for the dealer's own account), typically in connection with certain fixed income and over-the-counter securities that are traded primarily in "dealer" markets. Such "mark-ups" on securities bought by the client, "mark-downs" on securities sold by the client and "dealer spreads" (the difference between the bid price

and offer price) are generally incorporated into the net price that the client pays or receives in the transaction.

Similarly, the Fee does not cover “dealer spreads” that Aegis or RBC may charge when Aegis or RBC, to the extent permitted by applicable law, acts as principal in effecting a transaction in a Program account. However, Aegis or RBC will not charge, and the net price paid or received by the client will not incorporate, any “mark-up” or “mark-down” in connection with such principal transaction.

In addition, clients will pay the public offering price on any securities purchased from an underwriter or dealer involved in a distribution, a portion of which may be paid to Aegis or RBC as an underwriting or other fee that is not included in the Fee.

Aegis may recommend that Program clients invest account assets in open-end mutual funds (including money market funds), closed-end funds, exchange-traded funds (“ETFs”), and other pooled investment vehicles that have various internal fees and expenses (e.g. management fee, 12b-1 fees, etc.), which are paid by such funds but ultimately are borne by the client as fund shareholder. These internal fees and expenses are in addition to the Fee Aegis receives from the client in respect of the value of the client’s assets invested in the funds in the client’s Program account, and the Program client is not entitled to any refund of the funds’ internal fees and expenses ultimately borne by the client or other offset against the Fee. Assets of Program clients may be invested in a share class of a mutual fund with internal fees and expenses that are higher than one or more other share classes of the fund.

Certain classes of shares of mutual funds entail the payment by the client of a contingent deferred sales charge (also known as a “CDSC” or “back-end load”) upon the client’s sale or redemption of the fund shares. Such share classes are not eligible for purchase by clients in the Program. However, to the extent a client transfers such shares into a Program account, any CDSC or back-end load charged to a client selling such shares in the Program account is in addition to the Fee.

Except as otherwise agreed to in writing by Aegis, accounts are charged the Fee with respect to all assets in the account regardless of whether the client has previously paid or incurred commissions, sales charges or “loads,” mark-ups, mark-downs, dealer spreads, or other costs, charges, fees or expenses in connection with the client’s previous purchase of some or all of the assets in a brokerage account or otherwise outside of the Program.

Advisors also may employ strategies that entail recommendations to clients that they purchase for Program accounts: (i) American Depositary Receipts (“ADRs”); (ii) Global Depositary Receipts (“GDRs”); (iii) World Equity Benchmark Shares (“WEBS”); (iv) exchange-traded notes (“ETNs”); (v) real estate investment trusts (“REITs”); (vi) closed-end investment companies that invest a substantial portion of their assets in the securities of specified foreign countries (“closed-end country funds”); and (vii) certain structured products which are generally unsecured debt obligations of the companies that issue them (i.e. issuers) and designed to provide a return, if any, that is linked to the performance of an underlying asset (e.g. single stocks, indices, currencies, commodities or interest rates). In addition to the Fee, clients in the Program will bear a proportionate share of any fees and expenses associated with ADRs, GDRs, WEBS, ETNs, REITs and closed-end country funds, if

applicable, in which account assets are invested, and any fees and expenses associated with converting non-U.S. securities into ADRs or GDRs, if applicable. When they assist in such conversions, Aegis or RBC may receive some or all of such fees and expenses borne by the client. For trades in non-U.S. equity securities, the final average price includes a commission to a third-party broker-dealer for execution of the trade, applicable taxes and charges associated with transacting in a non-U.S. security and, if the trade is settled in U.S. Dollars, a service charge for the currency conversion.

Aegis does not received compensation in any fee-based accounts for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds. **As mentioned above, clients may choose to pay transaction fees charged by the custodian.**

#### **g. General Fee and Compensation Issues**

RBC typically provides the following services for client accounts in the Program: execution of transactions; clearing and settlement services; custody and processing; and the maintenance of securities in good possession and control locations. By recommending the Program to clients, therefore, Aegis also is recommending RBC to perform certain functions. Typically, in the Client Agreement the client directs that transactions in the client's account be executed by RBC or its affiliates. Directing that Aegis or RBC execute transactions for the account may deprive the client of any savings on trade execution and other costs that otherwise might be negotiated with other broker-dealers and benefits that may result from using alternative trading systems, may result in less favorable execution than would be obtained through the use of one or more other broker-dealers, and may cost the client more money. Not all investment advisers require their clients to direct brokerage in such a fashion. Clients should consider the costs and disadvantages of directing that Aegis and RBC execute transactions for Program accounts.

In valuing assets in Program accounts, RBC uses information provided by recognized independent quotation and valuation services or will rely on information it receives from other third parties, if applicable. Aegis believes this information to be reliable but does not verify the accuracy of the information provided by these sources. If any information provided by these sources is unavailable or is believed to be unreliable, RBC will value assets in a manner RBC determines in good faith to reflect fair market value. RBC may use different valuation sources for different purposes. As a result, the determination of asset values may differ for different purposes. For example, the account asset values used in the Fee calculation may not match the asset values listed on the account's custodial statements. Detailed calculations of any account asset values are available upon request.

#### **h. Best Execution**

The Firm conducts regular reviews of its execution quality to determine whether the Firm is meeting its obligation for best execution of customer orders. This includes orders that are routed to other broker-dealers on an automated, non-discretionary basis as well as when the Firm directs order flow. The Firm must use reasonable diligence to determine the best market for the security so the resulting price is as favorable as possible under prevailing market conditions.

### **i. Fee Billing**

Investment management fees are billed quarterly, in advance, meaning that we invoice you before the three-month billing period has begun. Payment in full is expected upon invoice presentation. Fees are usually deducted from a designated client account to facilitate billing. The client must consent in advance to direct debiting of their investment account.

If an agreement is terminated in the middle of a billing period, a pro-rated fee, based upon the number of trading days remaining in the quarter, will be refunded to the customer's account.

## **Item 5 Account Requirements and Types of Clients**

Aegis requires that all clients who wish to open and maintain an account in the Program execute the Client Agreement. The specific terms of the Client Agreement will govern the handling of the client's account in the Program and the investment advisory relationship between the client and Aegis with respect to the account.

There is no minimum account size for participating in the Program. However, each Advisor managing accounts in the Program may apply his or her own minimum account size for Program accounts managed by him or her. In addition, an Advisor may apply different minimum account sizes to the different investment strategies he or she manages in the Program. Each Advisor may change or waive the minimum account size he or she applies at any time in his or her discretion. Therefore, the existence, amount and application of a minimum account size will vary by Advisor and may change over time. In addition, Aegis may require a higher minimum account size if the client wishes to use a custodian other than RBC and Aegis, in its discretion, is willing to maintain the account on such a basis.

The accounts of employee benefit plans (as defined in the Employee Retirement Income Security Act of 1974, as amended ("ERISA")), and retirement plans (as defined in Section 4975(e)(1) of the Internal Revenue Code of 1986, as amended), which includes IRAs, may be subject to certain Aegis policies, restrictions and other terms and conditions that are different from those applicable to other accounts in the Program. Such policies, restrictions and other terms and conditions may affect, for example, the securities that may be available for investment in such accounts, the manner in which transactions may be affected in such accounts, the ability of such accounts to trade on margin, and the fees and expenses that may be charged to such accounts. As a result, application of the policies, restrictions and other terms and conditions may result in the performance of employee benefit plan and retirement plan accounts being less than it would have been absent such policies, restrictions and terms and conditions.

## **Item 6 Portfolio Manager Selection and Evaluation**

**Aegis does not review, select or recommend Advisors for participation in the Programs. Advisors qualify based on having passed any State licensing and registration requirements, if any. Client retains sole authority for the review, analysis and ultimate selection of an Advisor.**



In formulating investment advice or managing assets in the Program, Advisors use various methods of analysis, including:

- fundamental analysis, typically an effort to measure the intrinsic value of a security through analysis of the issuer itself, its financial statements and condition, its management and competitive advantages, and its competitors and markets;
- technical analysis, typically involving the study of data generated by market activity, such as past security prices and volume, in an effort to identify patterns and trends that may suggest a security's future price performance; and
- cyclical analysis, generally involving the examination of macroeconomic and market trends as a guide to forecasting security prices.

The main source of information used by Advisors participating in the Programs includes financial newspapers and magazines, inspection of corporate activities, research materials prepared by third-parties, corporate rating services, timing services, annual reports, prospectuses, and filings with the Securities and Exchange Commission, the World Wide Web and company press releases.

RBC CM has certain standards of eligibility for Investment Managers, Model Providers and Overlay Managers in our Programs. Please see the RBC Program Brochure for additional information.

#### **a. Investment Strategies**

The investment strategy for a specific client is based upon the client's financial profile, risk tolerance and objectives as discussed during client consultations and documented on the new account application. The client may change their strategy at any time. Each client executes a New Account Application that documents their financial profile, risk tolerance, objectives and desired investment strategy.

Clients should promptly inform their Advisor of any changes to their financial profile, risk tolerance, objective and investment strategy so that portfolio adjustment can be made.

Similarly, each Advisor uses his or her own investment style(s) and strategy or strategies in managing Program accounts, and there is no assurance that a particular Advisor will use or offer to clients or prospective clients any particular investment style or strategy. The principal investment styles used by different Advisors in the Program may include but are not limited to:

- Growth Investing
- Value Investing
- Income-oriented
- Balanced, typically representing a mixed portfolio of equities and income-oriented securities with a target asset allocation of at least 20% of one and no more than 80% of the other
- Specialty, typically representing a portfolio with a significant target allocation to a specialized asset class, such as master limited partnerships or global or international equities.

The following investment strategies are among those that may be used by different Advisors in each of the foregoing styles:

- Equity strategies: All Cap Core, Value and Growth Equity, Large Cap Core, Value and Growth Equity, ETF and Mutual Fund Equity, Covered Call Writing, Long/Short Equity
- Income-oriented strategies: US Taxable and US Tax-Exempt Fixed Income, ETF and Mutual Fund Fixed Income, US Taxable and US Tax Exempt Short-Term, Intermediate, Long Term and Aggregate Fixed Income
- Balanced strategies: Balanced All Cap and Large Cap Core, Value, Growth and Income, ETF and Mutual Fund Balanced, Long/Short Balanced
- Specialty strategies: International and Global Equity, ETF and Mutual Fund International and Global Equity, Master Limited Partnership (“MLP”).

The investment strategies used by different Advisors also depend on the requirements of the client and the investment guidelines associated with the client’s account. Some strategies may include the following:

**Concentration of Investments.** Certain Advisors may at times concentrate Program account assets in a region, small group of countries, or in an industry or economic sector. In addition to the potential concentration of accounts in one or more sectors, certain accounts may hold concentrated positions in specific securities. Therefore, at times, an account may hold a relatively small number of securities positions, each representing a relatively large portion of assets in the account. As a result, the value of the account may be subject to greater volatility than a more geographically or sector diversified portfolio. Investments in issuers within a country, state, geographic region, industry or economic sector that experiences adverse economic, business, political conditions or other concerns will impact the value of such a portfolio more than if the portfolio’s investments were not so concentrated. A change in the value of a single investment within the portfolio may affect the overall value of the portfolio and may cause greater losses than it would in a portfolio that holds more diversified investments.

**Short Sales.** Certain Advisors may sell securities short as a regular part of their investing activities. In a short sale, an individual sells securities it does not own. Advisors may sell short in the hope that the market price will decline and that the client will be able to buy replacement securities later at a lower price. There can be no assurance that the client will not experience losses on short positions and, if such losses occur, that those losses will be offset by gains on any long positions to which they may relate.

**Leverage.** Certain Advisors may seek to leverage client investment positions by borrowing funds on the client’s behalf (e.g., through the use of margin) from Aegis, RBC, other broker-dealers, banks or others. In the Client Agreement, the client typically authorizes Aegis to borrow funds on the client’s behalf for the purpose of employing such leverage in the client’s Program account. Use of leverage increases both the possibilities for profit and the risk of loss. Borrowings will usually be from RBC and typically will be secured by the client’s securities and other assets. Under certain circumstances, RBC (as the lending broker-dealer) may demand an increase in the collateral that secures the client’s obligations (commonly known as a “margin call”) and, if the client is unable to provide additional collateral, Aegis may liquidate assets held in the client’s account to satisfy the client’s obligations. Liquidation in that manner could result in significant losses and render the client unable to benefit from any rebound in the value of the investments that were liquidated. In addition,



the amount of the client's borrowings (if any) and the interest rates on those borrowings, which may fluctuate, will have a significant effect on account performance.

**Short-Term Trading.** Certain Advisors may engage in short-term (i.e., active and frequent) trading of securities for client accounts, leading to increased portfolio turnover, higher transaction costs, and the possibility of increased capital gains, including short-term capital gains that are generally taxable as ordinary income.

**Idle Assets.** While Advisors generally endeavor to keep client assets invested, at any time and for a substantial length of time an Advisor may hold a significant portion of a client's assets in cash, money market mutual funds and other short-term securities. Investments in such assets may cause a client to miss out on upswings in the markets. Unless Aegis expressly agrees otherwise in writing, Program account assets consisting of cash, money market mutual funds and other short-term securities are included in the net market value of the account's assets for purposes of calculation of the Wrap Fee.

#### **b. Performance-Based Fees and Side-By-Side Management**

Aegis does not charge performance-based fees in connection with the Program. However, certain mutual funds or other types of funds available in the Program may be subject to performance-based fees or varying fund expense charges imposed by the fund manager or advisor (or another party) and that are based on the fund's performance. Fees in the Program are calculated and charged as described in the ***Fees and Compensation*** section above and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the assets in Program accounts.

#### **c. Risk of Loss**

Aegis, its employees and Advisors do not provide, and nothing contained herein should be construed as, tax, legal or accounting advice. Accordingly, we encourage each client to consult their own personal tax, legal and/or accounting advisers in order to understand the potential consequences associated with a particular investment strategy or tactic an Advisor recommends for use in a client's Program account.

The investment styles and strategies used by different Advisors, and the particular investments in which different Program accounts are invested, entail varying degrees of risk. Each client is urged to consult with his or her own Advisor to discuss the risks associated with the particular investment style, strategy and investments used in the client's Program account. There is no assurance that implementation of a Advisor's particular investment style or strategy will be successful or that the client will not suffer losses.

Results generated by each Advisor in the Program will differ, and an Advisor's results will differ from client to client.

Investment performance is not guaranteed, and Aegis or a Financial Advisor's past performance with respect to a client's account or other accounts does not predict future performance with respect to the client's account.

Although an Advisor's investment approach constantly keeps the risk of loss in mind, investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

#### **d. Voting Client Securities**

##### **Proxy Votes**

As a matter of firm policy and in accordance with this Brochure and our advisory client agreements, neither Aegis nor its Advisors have or will accept the authority to vote proxies on behalf of Program clients in any situation where Aegis or the Advisor acts as investment advisor to the client. Aegis or its Advisors may, but are not obliged to, provide advice to clients regarding the clients' voting of proxies. In all cases, clients must either retain the responsibility for receiving and voting proxies for any and all securities maintained in their Program account, or they must appoint a third-party

investment advisor or other person who is not associated with Aegis to vote proxies for their Program accounts.

## **Item 7 Client Information Provided to Portfolio Managers**

Prior to the opening of an account in the Program, the client is asked to provide the Advisor with information about the client's financial circumstances (including net worth and annual income), the client's investment objective for the account, any reasonable restrictions the client wishes to impose on the management of the account, and any written investment policy or guidelines to which the client would like to subject the account. Investment policies and guidelines submitted by clients for Program accounts are subject to Aegis's acceptance in its sole discretion; if Aegis declines to accept an investment policy or guidelines for a Program account, the client may choose either to agree that the account will be managed in the Program without reference to the investment policy or guidelines or to decide not to maintain the account in the Program.

The investment objective identified by the client for an account in the Program will apply to the account as long as the account is in the Program (unless the client subsequently changes the investment objective by notifying client's Advisor), notwithstanding any different investment objective previously identified by the client for the account when it was a brokerage account or an account in one of the other investment advisory programs offered by Aegis. If the account is terminated and becomes a brokerage account outside the Program, the investment objective previously identified by the client for the account as a brokerage account will again apply to the account.

Clients are responsible for notifying promptly their Advisor of any changes to the information the client previously provided to Aegis (including financial information and the investment objective for the account), and for providing Aegis with additional information as it may request from time to time to assist it in providing services under the Program. At least once annually, Aegis contacts each client in the Program to determine whether there have been any changes in the client's financial situation or investment objective for the account and whether the client wishes to impose any reasonable restrictions on the management of the account or reasonably modify any existing conditions. At least quarterly, Aegis notifies each client in writing to contact the Advisor if there have been any changes in the client's financial situation or investment objective or if the client wishes to impose any reasonable restrictions on the management of the account or reasonably modify any existing restrictions. Aegis will have no liability for a client's failure to provide Aegis with accurate or complete information or to inform Aegis promptly of any change in information previously provided by the client.

Clients should be aware that any client-imposed investment restrictions, policy or guidelines may cause the Advisor to deviate from the investment decisions he or she would otherwise make in managing the account in the Program, and as a result may negatively affect the performance of the account. The termination or removal of the account from the Program also terminates any prior acceptance by Aegis of any such restrictions, policy or guidelines in connection with the account, and such restrictions, policy and guidelines will not be applicable to the account as a brokerage account or other account outside of the Program.

## **Item 8 Client Contact with Portfolio Managers**

The Financial Advisors responsible for managing client accounts in the Program may be freely contacted by clients, and are reasonably available for consultation with clients, regarding their Program accounts.

## **Item 9 Additional Information**

### **a. Disciplinary Information**

During the relevant time span of activity encompassed the years 2012 and 2014, over five years ago, Aegis facilitated sales in “low priced” securities for a specified *de minimis* number of accounts, none of which are current customers at Aegis. The firm failed to establish, maintain, and enforce a reasonable supervisory system, including written procedures, related to the sale of low-priced securities in DVP accounts. The AML WSPs were not tailored to the risks associated with the sale of low-priced securities through DVP accounts. As a result, the firm did not adequately monitor or investigate any trading in its DVP accounts, including low-priced securities transactions.

Aegis was censured and ordered to cease and desist from committing or causing any violations and any future violations of section 17(a) of the exchange act and rule 17a-8 thereunder. Aegis paid a civil monetary penalty in the amount of \$750,000 to the securities and exchange commission. Aegis paid a portion of the fine on 04/04/2018 and balance will be paid in subsequent installments. Aegis will comply with undertakings.

On the advice of counsel, the firm agreed to resolve the matter. It is important to note that the matter (i) related to only 7 DVP accounts, all of which have been closed for years; (ii) no retail customers were involved nor were any customers of the firm harmed; (iii) the underlying activity took place more than 4 years earlier; (iv) the firm has long since exited this line of business; and (v) the brokers involved are no longer with the firm.

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

#### **Financial Industry Activities**

Aegis is registered as a broker-dealer and investment adviser with the U.S. Securities and Exchange Commission (the “SEC”) and is a member of the Financial Industry Regulatory Authority (“FINRA”). All Advisors in the Program and their supervisors are registered with FINRA as registered representatives of Aegis in its capacity as a broker-dealer.

#### **Affiliations**

Aegis does not have any other arrangements that are material to its advisory business or its clients with a related person who is an investment company, other investment advisor, financial planning

firm, commodity pool operator, commodity trading adviser or futures commission merchant, banking or thrift institution, accounting firm, law firm, insurance company or agency, pension consultant, real estate broker or dealer, or an entity that creates or packages limited partnerships.

### **c. Code of Ethics**

Advisors in the Program are bound by the Aegis Investment Adviser Code of Ethics, adopted by Aegis in accordance with Rule 204A-1 under the Advisers Act. The Code of Ethics describes the general standards of business conduct applicable to Aegis' investment advisory representatives, including Advisors in the Program, and the fiduciary obligations owed by Aegis and its investment advisory representatives to clients in its investment advisory programs. More specifically, the Code of Ethics addresses the following subjects:

- the maintenance of personal securities accounts by Aegis's investment advisory representatives;
- the reporting to Aegis Compliance personnel of certain personal securities holdings and transactions by certain of Aegis' investment advisory representatives, including all Advisors in the Program;
- certain trading restrictions applicable to personal securities transactions of certain of Aegis Advisors in the Program;
- trading by investment advisory representatives while in possession of material non-public information;
- periodic certification by certain of Aegis' investment advisory representatives, including all Advisors in the Program, of their review, understanding and compliance with the Code of Ethics;
- Aegis' administration and enforcement of the Code of Ethics; and
- the keeping of certain records relating to the Code of Ethics and its administration and enforcement by Aegis.

*Aegis will provide a copy of the Aegis Investment Adviser Code of Ethics to any client or prospective client upon request.*

### **d. When Aegis or a Related Person Invests in the Same Securities That it Recommends to Clients**

Aegis and its Advisors may recommend that clients buy or sell securities, or may buy or sell securities for clients (including clients in the Program), that Aegis or a related person buys or sells for itself. In such circumstances, the interests of Aegis and its related persons conflict with those of Aegis' clients, including Program clients, in several respects:

- Aegis or a related person may benefit from (1) clients buying securities that Aegis or the related person then sells or (2) clients selling securities that Aegis or the related person then buys, because client purchases may increase the market price of a security Aegis or the related person owns or borrows and then sells, and client sales may reduce the market price of a security Aegis or the related person then buys.

- Aegis or a related person may benefit from (1) buying securities that clients will later buy (because the subsequent client purchases may increase the market price of the security Aegis or the related person already bought and owns) or (2) selling securities that clients will later sell (because subsequent client sales may decrease the market price of the security Aegis or the related person already sold).
- Aegis or a related person may benefit from principal transactions in which it sells a security directly from its own account to a client account or buys a security into its own account directly from a client account. For example, when an Advisor enters an order to buy a security for a Program client, Aegis may have a financial incentive to execute the order through a principal (instead of agency) transaction if it owns the security in its own account, the security is thinly traded or illiquid, and Aegis believes it will decline in value or wants to sell it for another reason.

Aegis addresses these conflicts in the following ways:

- the maintenance of policies (including in the Code of Ethics) prohibiting Aegis employees from engaging in conduct intended to manipulate the price of securities and procedures designed to prevent and/or detect such conduct;
- the general prohibition in the Code of Ethics on the personal trading by any Aegis Advisor in the Program in a security on the same day they trade the security for their clients, unless the clients receive the same or better price and opposite side in a security they are soliciting to their clients.
- the maintenance of information barrier procedures designed to control the flow of information between Aegis and other business units, investment banking;
- supervision of Advisors' management of Program accounts designed to ensure that the accounts are managed in accordance with clients' investment objectives for the accounts and that Advisors are acting in accordance with their fiduciary duty to place the interests of Program clients before their own and those of Aegis;
- the imposition of trading restrictions with respect to certain time periods and/or lists of issuers that are designed to prevent investment personnel (including Advisors) from unfairly benefiting from unreleased research reports and recommendations;
- the requirement in the Code of Ethics that Advisors in the Program periodically report personal securities holdings and transactions to Aegis Compliance personnel; and
- the policy and legal restrictions on principal transactions with Program accounts described above.

**e. When Aegis or a Related Person Recommends or Buys or Sells Securities for Client Accounts at or About the Same Time it Buys or Sells the Same Securities for Client Accounts**

Aegis and its related persons (including Advisors) may recommend that clients buy or sell securities, or may buy or sell securities for clients (including clients in the Program), *at or about the same time* that Aegis or a related person buys or sells the same securities for its (or a related person's) own account.



In such circumstances, the interests of Aegis and its related persons conflict with those of Aegis' clients, including Program clients, in all of the respects described in the preceding section, each of which typically involves not only trading in the same securities that clients do, but also trading in them at or about the same time that clients do. Please see above for a description of those conflicts and how Aegis addresses them.

#### **f. Review of Accounts**

Aegis's Office of Supervisory Jurisdiction ("OSJ") branch managers/supervisors periodically review client accounts to identify situations that may warrant either a more detailed review or a specific action on behalf of an advisory client.

Aegis utilizes a series of surveillance, exception, trade, and other transaction and account reports that are designed to help facilitate the ongoing review of Program accounts. In addition, Aegis Advisors provide continual and regular investment advice to clients, routinely review client portfolios, and are responsible for communicating with clients at least annually.

#### **Regular Reports**

Clients receive periodic communications on at least an annual basis. The written updates may include a net worth statement, portfolio statement and a summary of objectives and progress towards meeting those objectives.

#### **g. Client Referrals and Other Compensation**

##### **Incoming Referrals**

Aegis has been fortunate to receive many client referrals over the years. The referrals came from current clients, accountants, employees, personal friends of employees and other similar sources. We directly compensate non-employee (outside) consultants, individuals, and/or entities (Solicitors) for client referrals. In order to receive a cash referral fee from our firm, Solicitors must comply with the requirements of the jurisdictions in which they operate. If you were referred to our firm by a Solicitor, you should have received a copy of this Disclosure Brochure along with the Solicitor's disclosure statement at the time of the referral. If you become a client, the Solicitor that referred you to our firm will receive a percentage of the advisor fee you pay our firm for as long as you are a client, or until such time as our agreement with the Solicitor expires. You will not pay additional fees because of this referral arrangement. Referral fees paid to a Solicitor are contingent upon your entering into an advisory agreement with our firm. Therefore, a Solicitor has a financial incentive to recommend our firm to you for advisory services. This creates a conflict of interest; however, you are not obligated to retain our firm for advisory services. Comparable services and/or lower fees may be available through other firms.

##### **Referrals Out**

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

#### **h. Financial Information**

There is no financial condition that is reasonably likely to impair Aegis' ability to meet contractual commitments to its clients.