

Cover Page - Item 1

**Aegis Wealth Management Inc.**

**Form ADV Part 2A Brochure**

**September 20, 2022**

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Aegis Wealth Management Inc. is an investment adviser registered with the Securities and Exchange Commission ("SEC"). An "investment adviser" means any person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, or who, for compensation and as part of a regular business, issues or promulgates analyses or reports concerning securities. Registration with the SEC or any state securities authority does not imply a certain level of skill or training.

This brochure provides information about the qualifications and business practices of Aegis Wealth Management Inc. If you have any questions about the contents of this brochure, please contact us at (833) 483-8383. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Aegis Wealth Management Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The firm's CRD/IARD number is 301990.

## **Material Changes - Item 2**

The purpose of this page is to inform you of any material changes since the previous version of this brochure. This is our firm's first brochure and therefore we have not made any material changes. We review and update our brochure at least annually to make sure that it remains current.

On March 9, 2022, we submitted our annual updating amendment filing for fiscal year 2021 and we added additional material investment risks (Item 8) pertaining to preferred securities, inverse funds, cybersecurity, pandemics, the recommendation of third-party advisers, and cryptocurrency.

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#### **Advisory Business - Item 4**

Aegis Wealth Management Inc. ("Aegis Wealth" and/or "the firm") is a corporation formed in the State of Colorado. Darin Wayne Edward Lucas, Carl Stephen Muehlemeyer and Rick Lynn Rumelhart are the principal owners of Aegis Wealth. Aegis Wealth has been offering investment advisory services since 2019.

The following paragraphs describe our services and fees. You may see the term Associated Person throughout this Brochure. As used in this Brochure, this term refers to anyone from our firm who is an officer, employee, and all individuals providing investment advice on behalf of our firm. Where required, such persons are properly licensed or registered as investment adviser representatives.

#### **Financial Planning Services**

We offer broad-based financial planning services regarding management of financial resources based upon an analysis of the client's individual needs. We will meet with you to gather information about your financial circumstances and objectives. Once we collect and analyse the documentation and information you provide, we work with you to develop a financial plan designed to help you achieve your financial goals and objectives. In this way, Aegis Wealth assists the client in developing a strategy for the management of income, assets, and liabilities. In general, financial planning services may include any one or all of the following:

- Cash Flow Analysis – Assessment of a client's present financial situation by collecting information regarding net worth and cash flow statements, tax returns, insurance policies, investment portfolios, pension plans, employee benefit statements, etc. The firm advises on ways to reduce risk, coordinate, and organize records and estate information.
- Retirement Analysis – Identification of a client's long-term financial and personal goals and objectives includes advice for accumulating wealth for retirement income or appropriate distribution of assets following retirement. Tax consequences and implications are identified and evaluated.
- Portfolio Analysis/Investment Planning – We provide investment alternatives, including asset allocation, and effect on a client's portfolio. We evaluate economic and tax characteristics of existing investments as well as their suitability for a client's objectives. We identify and evaluate tax consequences and their implications.
- Insurance Analysis – Includes risk management associated with advisory recommendations based on a combination of insurance types to meet a client's needs, e.g., life, health, disability, and long-term care insurance. This will necessitate an analysis of cash needs of family at death, income needs of surviving dependents, and disability income analysis.
- Education Savings Analysis – Alternatives and strategies with respect to the complete or partial funding of college or other post-secondary education.

Financial plans are based on a client's financial situation based on the information provided to the firm. The recommendations and solutions are designed to achieve the client's desired goals, subject to periodic evaluation of the financial plan, which may require revision to meet changing circumstances. We should be notified promptly of any change to a client's financial situation, goals, objectives, or needs.

Clients can also request financial planning services that cover a specific area, such as retirement, or asset allocation analysis. We offer consultative services where we set an appointment to meet with you for financial planning advice for an hourly fee.

You may choose to accept or reject our recommendations. If you decide to proceed with our recommendations, you may do so either through our investment advisory services or by using the advisory/brokerage firm of your choice.

In some cases, our recommendations will involve the purchase of insurance products. Associated Persons of Aegis Wealth are licensed insurance agents and can effect transactions in insurance products and earn commission based compensation for these activities. Clients should be aware that a conflict of interest is inherent in such an arrangement. Clients are instructed that the fees paid to the firm for advisory services are separate and distinct from the commissions earned by our dually licensed Associated Persons. Clients of Aegis Wealth are not required to purchase insurance products from the firm's dually licensed Associated Persons and can purchase insurance products from any insurance agency and agent they choose.

Note: Information related to tax and legal consequences that is provided as part of the financial plan is for informative purposes only. Clients are instructed to contact their tax or legal advisers for personalized advice.

#### **Portfolio Management Services**

Aegis Wealth offers discretionary portfolio management services. Discretionary portfolio management means that we chose the broker dealer/custodian to be used, we make investment decisions, and place buy or sell orders in your account without contacting you to receive your advance permission. If you wish, you may limit our discretionary authority by, for example, setting a limit on the type of securities that can be purchased for your account. All restrictions or guidelines must be provided in writing. Our investment advice is tailored to meet our clients' needs and investment objectives. If you decide to hire our firm to assist you with the management of your portfolio, an Associated Person of Aegis Wealth will meet with you and gather information about your financial situation, investment objectives, and any reasonable restrictions you would like to impose on the management of the account. The information we gather will help us implement an asset allocation strategy that will be specific to your needs and goals.

Currently, our asset allocation and advisory services are offered in conjunction with a sub adviser. The sub adviser assists our firm with back-office support, trading, report preparation, and billing. We use model portfolios developed by the sub adviser and/or other registered investment advisers. These other investment advisers are responsible for the research and security selection, Aegis Wealth is responsible for the supervision of the account and the sub adviser is responsible for day-to-day trading, billing calculation and other back-office operations. At this time, Aegis Wealth uses the following sub advisers:

**GeoWealth Management LLC (CRD#148222):** GeoWealth Management LLC gives us access to its proprietary portfolio models, along with models provided by State Street Global Advisors, Global X Management, and JP Morgan Asset Management, among others. All disclosure information about these entities is available on the SEC's public disclosure site, [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). All clients will be provided with a current copy of GeoWealth Management LLC's Form ADV Part 2 Brochure at the inception of service. This document provides important disclosures about GeoWealth Management LLC's services, portfolio models, fees, conflicts of interest, disciplinary history (if any), and other important information that would help clients understand the scope of sub advisory services provided by GeoWealth Management LLC.

**Foresight Investment Advisors, LLC (CRD#155800):** Foresight Investment Advisors, LLC gives us access to its proprietary investment strategies. All disclosure information about Foresight Investment Advisors, LLC is available on the SEC's public disclosure site, [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). All clients will be provided with a current copy of Foresight Investment Advisors, LLC's Form ADV Part 2 Brochure at the inception of service. This document provides important disclosures about Foresight Investment Advisors, LLC's services, portfolio models, fees, conflicts of interest, disciplinary history (if any), and other important information that would help clients understand the scope of sub advisory services provided by Foresight Investment Advisors, LLC.

**Howard Capital Management, Inc. (CRD#118070):** Howard Capital Management, Inc. gives us access to its proprietary investment strategies. All disclosure information about Howard Capital Management, Inc. is available on the SEC's public disclosure site, [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). All clients will be provided with a current copy of Howard Capital Management, Inc.'s Form ADV Part 2 Brochure at the inception of service. This document provides

important disclosures about Howard Capital Management, Inc.'s services, portfolio models, fees, conflicts of interest, disciplinary history (if any), and other important information that would help clients understand the scope of sub advisory services provided by Howard Capital Management, Inc.

All accounts are managed in accordance with the client's investment needs and may include various types of securities such as equity securities, Exchange Traded Funds (ETFs), mutual funds, corporate debt securities, commercial paper, certificates of deposit, municipal securities, and U.S. Government securities. Other types of investments may also be recommended where such investments are appropriate based on the client's stated goals and objectives.

Investments and allocations are determined and based upon the client's predefined objectives, risk tolerance, time horizon, financial horizon, financial information, and other various suitability factors. Further restrictions and guidelines imposed by the client may affect the composition and performance of a client's portfolio. For these reasons, performance of the portfolio may not be identical to the average client of Aegis Wealth. On an ongoing basis, Aegis Wealth reviews the client's financial circumstances and investment objectives, and instructs the sub adviser to make the necessary adjustments to the client's portfolio.

Clients are required to provide the firm with prompt notice of any changes in their personal financial circumstances, investment objectives, goals, and tolerance for risk. Aegis Wealth will contact the client at least annually to determine whether there have been any changes in the client's personal financial circumstances, investment objectives, and tolerance for risk.

#### **Wrap Fee Program**

Aegis Wealth does not sponsor or participate in a Wrap Fee Program.

#### **Assets Under Management**

As of March 4, 2022, we manage approximately \$120,610,723 in client assets on a discretionary basis and approximately \$0 in client assets on a non-discretionary basis.

### **Fees and Compensation - Item 5**

#### **Financial Planning Fees**

Aegis Wealth provides its clients financial planning and consulting services. Prior to engaging Aegis Wealth to provide consulting services, the client will be required to enter into a financial planning agreement with our firm. The Agreement will set forth the terms and conditions of the engagement and describe the scope of the services to be provided and the fee that is due from the client. Aegis Wealth will charge a fixed fee and/or hourly fee for these services. We utilize the following financial planning fee schedules:

- *Fixed Fees:* Aegis Wealth will charge a fixed fee of up to \$10,000.00, for broad-based planning services.
- *Hourly Fees:* Aegis Wealth charges an hourly fee of up to \$400 for clients who request specific services (such as a modular plan or hourly consulting services).

Other fee payment arrangements may be negotiated with the client on a case-by-case basis. All such arrangements will be clearly set forth in the financial planning agreement signed by the client and the firm. Fees are payable as invoiced.

Either party may terminate the financial planning agreement by written notice to the other. In the event the client terminates Aegis Wealth's financial planning services, the balance of any prepaid, unearned fees (if any) will be refunded to the client promptly.

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

Aegis Wealth's portfolio management fees are payable monthly in arrears and are based on the value of the account on the last business day of the calendar month. Fees will be assessed pro rata in the event the portfolio management agreement is executed at any time other than the first day of a calendar month. Other fee payment arrangements can be negotiated on a case-by-case basis. These arrangements will be listed in the advisory agreement signed by the firm and the client.

The fee is deducted from the client's account held at the custodian. The sub adviser calculates the fee and Aegis Wealth debits such fees from the client's custodial account, provided the client has authorized Aegis Wealth to debit the fee in writing. If insufficient cash is available to pay such fees, securities in an amount equal to the balance of unpaid fees will be liquidated to pay for the unpaid balance. Our negotiable fee for portfolio management services is set forth in the following fee schedule:

	First \$500,000	Next \$500,000	Next \$1.5 million	Over \$2.5 million
<b>Maximum Annual Portfolio Management Fee</b>	2.15%	2.05%	1.80%	Negotiable

The fee listed above includes the compensation received by the model provider and the sub adviser. We may modify the fee at any time upon 30 days' written notice, subject to client's consent. In addition, each account included in our portfolio aggregation and reporting software will be charged an annual fee of \$35.00. This fee applies to accounts managed by Aegis Wealth and non-managed accounts that are included in the software for reporting purposes. The \$35 annual fee for portfolio aggregation is waived on accounts under \$5,000.

Our annual fee is exclusive of and in addition to: brokerage commissions, transaction fees, and other related costs and expenses which will be incurred by the client. However, we will not receive any portion of the commissions, fees, and costs. Please see Item 12 – Brokerage Practices for further information on brokerage and transaction costs.

The portfolio management agreement may be canceled at any time by the client or by Aegis Wealth with 30 days' prior written notice to the other party. Upon termination, any earned, unpaid fees will be due and payable by the client. The client has the right to terminate the Asset Management Agreement without penalty within five business days after entering into the agreement.

#### **Important Disclosures about Fees**

Negotiability of Fees: We allow Associated Persons servicing the account to negotiate the exact investment management fees within the range disclosed in our Form ADV Part 2A Brochure. As a result, the Associated Person servicing your account may charge more or less for the same service than another Associated Person of our firm. Further, our annual investment management fee may be higher than that charged by other investment advisors offering similar services/programs.

Billing on Cash Positions: The firm treats cash and cash equivalents as an asset class. Accordingly, unless otherwise agreed in writing, all cash and cash equivalent positions (e.g., money market funds, etc.) are included as part of assets under management for purposes of calculating the firm's advisory fee. At any specific point in time, depending upon perceived or anticipated market conditions/events (there being no guarantee that such anticipated market conditions/events will occur), the firm may maintain cash and/or cash equivalent positions for defensive, liquidity, or other purposes. While assets are maintained in cash or cash equivalents, such amounts

could miss market advances and, depending upon current yields, at any point in time, the firm's advisory fee could exceed the interest paid by the client's cash or cash equivalent positions.

**Billing on Margin:** Unless otherwise agreed in writing, the gross amount of assets in the client's account, including margin balances, are included as part of assets under management for purposes of calculating the firm's advisory fee. Clients should note that this practice will increase total assets under management used to calculate advisory fees which will in turn increase the amount of fees collected by our firm. This practice creates a conflict of interest in that our firm has an incentive to use margin in order to increase the amount of billable assets. At all times, the firm and its Associated Persons strive to uphold their fiduciary duty of fair dealing with clients. Clients are free to restrict the use of margin by our firm. However, clients should note that any restriction on the use of margin may negatively impact an account's performance in a rising market.

**Periods of Portfolio Inactivity:** The firm has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, the firm will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including but not limited to investment performance, fund manager tenure, style drift, account additions/withdrawals, the client's financial circumstances, and changes in the client's investment objectives. Based upon these and other factors, there may be extended periods of time when the firm determines that changes to a client's portfolio are neither necessary nor prudent. Notwithstanding, unless otherwise agreed in writing, the firm's annual investment advisory fee will continue to apply during these periods, and there can be no assurance that investment decisions made by the firm will be profitable or equal any specific performance level(s).

#### **Additional Fees and Expenses**

Aegis Wealth's fees are negotiable based on the complexity of client goals and objectives and level of services rendered. As described above, the fees are charged as described and are not based on a share of capital gains of the funds of an advisory client.

All fees paid to Aegis Wealth for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds to their shareholders. These fees and expenses are described in each fund's prospectus. These fees generally include a management fee, other fund expenses, early redemption fee, and a possible distribution fee. A client could invest in a mutual fund directly, without the services of Aegis Wealth. In that case, the client would not receive the services provided by Aegis Wealth, which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and the fees charged by Aegis Wealth to understand fully the total amount of fees to be paid by the client and to evaluate the advisory services being provided.

Advisory recommendations are based on financial information and situation that you disclose to us at the time the services are provided. Certain assumptions may be made with respect to interest and inflation rates and the use of past trends and performance of the market and economy. Past performance is in no way an indication of future returns. As your financial situation, goals, objectives, or needs change, you must notify us promptly.

#### **Sales Compensation**

Associated Persons who provide investment advice on behalf of our firm may also be registered representatives with various securities broker-dealers registered with the Securities and Exchange Commission and the Financial Industry Regulatory Authority ("FINRA"). As registered representatives, Associated Persons receive commission-based compensation for buying and selling securities and insurance products, including 12b-1 fees and other trails for the sale of mutual funds or annuity products. This commission compensation is separate and distinct from our advisory fees. Aegis Wealth's advisory clients are not obligated to purchase the products or services of any of these broker-dealers. Clients may purchase or sell insurance and securities at the brokerage firm of their choice.



Associated Persons of Aegis Wealth are also licensed as insurance agents and can effect transactions in various insurance products, including life, health, disability, long-term care, and annuities among others. These individuals earn commissions for these activities. The firm expects that clients to whom it offers advisory services may also be clients for whom such individuals act as insurance agents. Clients are instructed that the fees paid to the firm for advisory services are separate and distinct from the commissions earned for placing the client in insurance products.

The sale of mutual funds, annuity contracts, insurance instruments and other commissionable products offered by Associated Persons are intended to compliment Aegis Wealth's advisory services. However, a conflict of interest exists due to the potential receipt of dual forms of compensation. Aegis Wealth has policies and procedures in place to monitor all client transactions and all client transaction costs will be disclosed to the client. Clients to whom the firm offers advisory services are informed that they are under no obligation to use the firm's Associated Persons for securities brokerage or insurance services and may use the securities and insurance brokerage firm and agent of their choice.

We strive to outline all conflicts of interest between you, our firm, and our Associated Persons in this Disclosure Brochure. If additional conflicts arise in the future, we will notify you in writing and/or provide you an updated Disclosure Brochure.

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

Performance-based fees are based on a share of capital gains on or capital appreciation of the client's assets. Our firm and Associated Persons do not accept performance-based fees.

#### **Types of Clients - Item 7**

We generally offer investment advisory services to individuals, pension and profit-sharing plans and their participants, trusts, estates, charitable organizations, corporations, and other business entities.

Aegis Wealth requires a minimum of \$10,000 to open and maintain an advisory account. In our sole discretion, we may waive this requirement. This requirement can be met by combining two or more accounts owned by you or related family members.

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

All asset allocation models are developed by the sub adviser and/or other third-party investment advisers (listed under Item 4 above) in accordance with investment programs developed by these entities. Aegis Wealth will not implement its own methods of analysis and investment strategies. Clients should refer to the sub adviser's and/or third-party investment advisers' brochures for more information about the methods of analysis and investment strategies used by those firms.

**Investing in securities involves risk of loss that clients should be prepared to bear.** Clients should fully understand the nature of the contractual relationship(s) into which they are entering and the extent of their exposure to risk. Certain investing strategies may not be suitable for many members of the public. You should

carefully consider whether the strategies employed would be appropriate for you in light of your experience, objectives, financial resources, and other relevant circumstances.

**Recommendation of Particular Types of Securities:** As disclosed under the “Advisory Business” section in this Brochure, we provide advice on various types of securities and we do not necessarily recommend one particular type of security over another since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it.

**General Investment Risk:** All investments come with the risk of losing money. Investing involves substantial risks, including complete possible loss of principal plus other losses and may not be suitable for many members of the public. Investments, unlike savings and checking accounts at a bank, are not insured by the government to protect against market losses. Different market instruments carry different types and degrees of risk and you should familiarize yourself with the risks involved in the particular market instruments in which you intend to invest.

**Loss of Value:** There can be no assurance that a specific investment will achieve its investment objectives and past performance should not be seen as a guide to future returns. The value of investments and the income derived may fall as well as rise and investors may not recoup the original amount invested. Investments may also be affected by any changes in exchange control regulation, tax laws, withholding taxes, international, political and economic developments, and governmental economic or monetary policies.

**Interest Rate Risk:** Fixed income securities and funds that invest in bonds and other fixed income securities may fall in value if interest rates change. Generally, the prices of debt securities rise when interest rates fall, and their prices fall when interest rates rise. Longer-term debt securities are usually more sensitive to interest rate changes.

**Credit Risk:** Investments in bonds and other fixed income securities are subject to the risk that the issuer(s) may not make required interest payments. An issuer suffering an adverse change in its financial condition could lower the credit quality of a security, leading to greater price volatility of the security. A lowering of the credit rating of a security may also offset the security's liquidity, making it more difficult to sell. Funds investing in lower quality debt securities are more susceptible to these problems and their value may be more volatile.

**Foreign Exchange Risk:** Foreign investments may be affected favorably or unfavorably by exchange control regulations or changes in the exchange rates. Changes in currency exchange rates may influence the share value, the dividends or interest earned and the gains and losses realized. Exchange rates between currencies are determined by supply and demand in the currency exchange markets, the international balance of payments, governmental intervention, speculation, and other economic and political conditions. If the currency in which a security is denominated appreciates against the US Dollar, the value of the security will increase. Conversely, a decline in the exchange rate of the currency would adversely affect the value of the security.

**Risks Associated with Investing in Equities:** Investments in equities generally refers to buying shares of stocks by an individual or firms in return for receiving a future payment of dividends and capital gains if the value of the stock increases. There is an innate risk involved when purchasing a stock that it may decrease in value and the investment may incur a loss.

**Risks Associated with Investing in Mutual Funds:** Mutual funds are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities, or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market,

primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. The returns on mutual funds can be reduced by the costs to manage the funds. In addition, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, other types of mutual funds do charge such fees which can also reduce returns.

**Risks Associated with Investing in Exchange Traded Funds (ETF):** Investing in stocks & ETF's carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Investments in these securities are not guaranteed or insured by the FDIC or any other government agency.

**Concentrated Position Risk:** Certain Associated Persons may recommend that clients concentrate account assets 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 account will be subject to greater volatility than a more sector diversified portfolio. Investments in issuers within an 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.

**Risks Associated with Investing in Private Funds:** Private investment funds are not registered with the Securities and Exchange Commission and may not be registered with any other regulatory authority. Accordingly, they are not subject to certain regulatory restrictions and oversight to which other issuers are subject. There may be little public information available about their investments and performance. Moreover, as sales of shares of private investment companies are generally restricted to certain qualified purchasers, it could be difficult for a client to sell its shares of a private investment company at an advantageous price and time. Since shares of private investment companies are not publicly traded, from time to time it may be difficult to establish a fair value for the client's investment in these companies.

**Risks Associated with Investing in Options:** Transactions in options carry a high degree of risk. A relatively small market movement will have a proportionately larger impact, which may work for or against the investor. The placing of certain orders, which are intended to limit losses to certain amounts, may not be effective because market conditions may make it impossible to execute such orders. Selling ("writing" or "granting") an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obliged either to settle the option in cash or to acquire or deliver the underlying investment. If the option is "covered" by the seller holding a corresponding position in the underlying investment or a future on another option, the risk may be reduced.

**Preferred Securities Risk:** Preferred Securities have similar characteristics to bonds in that preferred securities are designed to make fixed payments based on a percentage of their par value and are senior to common stock. Like bonds, the market value of preferred securities is sensitive to changes in interest rates as well as changes in issuer credit quality. Preferred securities, however, are junior to bonds with regard to the distribution of corporate earnings and liquidation in the event of bankruptcy. Preferred securities that are in the form of preferred stock also differ from bonds in that dividends on preferred stock must be declared by the issuer's board of directors, whereas interest payments on bonds generally do not require action by the issuer's board of directors, and bondholders generally have protections that preferred stockholders do not have, such as indentures that are designed to guarantee payments – subject to the credit quality of the issuer – with terms and conditions for the benefit of bondholders. In contrast preferred stocks generally pay dividends, not interest payments, which can

be deferred or stopped in the event of credit stress without triggering bankruptcy or default. Another difference is that preferred dividends are paid from the issue's after-tax profits, while bond interest is paid before taxes.

**Inverse Funds:** Inverse mutual funds and ETFs, which are sometimes referred to as "short" funds, seek to provide the opposite of the single-day performance of the index or benchmark they track. Inverse funds are often marketed as a way to profit from, or hedge exposure to, downward moving markets. Some inverse funds also use leverage, such that they seek to achieve a return that is a multiple of the opposite performance of the underlying index or benchmark (i.e., -200%, -300%). In addition to leverage, these funds may also use derivative instruments to accomplish their objectives. As such, inverse funds are highly volatile and provide the potential for significant losses.

**Cybersecurity Risks:** Our firm and our service providers are subject to risks associated with a breach in cybersecurity. Cybersecurity is a generic term used to describe the technology, processes, and practices designed to protect networks, systems, computers, programs, and data from cyber-attacks and hacking by other computer users, and to avoid the resulting damage and disruption of hardware and software systems, loss or corruption of data, and/or misappropriation of confidential information. In general, cyber-attacks are deliberate; however, unintentional events may have similar effects. Cyber-attacks may cause losses to clients by interfering with the processing of transactions, affecting the ability to calculate net asset value or impeding or sabotaging trading. Clients may also incur substantial costs as the result of a cybersecurity breach, including those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, litigation, and the dissemination of confidential and proprietary information. Any such breach could expose our firm to civil liability as well as regulatory inquiry and/or action. In addition, clients could be exposed to additional losses as a result of unauthorized use of their personal information. While our firm has established a business continuity plan and systems designed to prevent cyber-attacks, there are inherent limitations in such plans and systems, including the possibility that certain risks have not been identified. Similar types of cyber security risks are also present for issuers of securities, investment companies and other investment advisers in which we invest, which could result in material adverse consequences for such entities and may cause a client's investment in such entities to lose value.

**Pandemic Risk:** Large-scale outbreaks of infectious disease can greatly increase morbidity and mortality over a wide geographic area, crossing international boundaries, and causing significant economic, social, and political disruption. It is difficult to predict the long-term impact of such events because they are dependent on a variety of factors including the global response of regulators and governments to address and mitigate the worldwide effects of such events. Workforce reductions, travel restrictions, governmental responses and policies and macroeconomic factors will negatively impact investment returns.

**Recommendation of Other Advisers:** In the event we recommend a third-party investment adviser to manage all or a portion of your assets, we will advise you on how to allocate your assets among various classes of securities or third-party investment managers, programs, or managed model portfolios. As such, we will primarily rely on investment model portfolios and strategies developed by the third-party investment advisers and their portfolio managers. If there is a significant deviation in characteristics or performance from the stated strategy and/or benchmark, we may recommend changing models or replacing a third-party investment adviser. The primary risks associated with investing with a third party is that while a particular third party may have demonstrated a certain level of success in the past; it may not be able to replicate that success in future markets. In addition, as we do not control the underlying investments in third party model portfolios, there is also a risk that a third party may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. To mitigate this risk, we seek third parties with proven track records that have demonstrated a consistent level of performance and success over time. A third party's past performance is not a guarantee of future results and certain market and economic risks exist that may adversely affect an account's performance that could result in capital losses in your account. Please refer to the third-party investment adviser's advisory

agreements, Form ADV Brochure, and associated disclosure documents for details on their specific investment strategies, methods of analysis, and associated risks.

**Cryptocurrency Risk:** Cryptocurrency (e.g., bitcoin and ether), often referred to as “virtual currency”, “digital currency,” or “digital assets,” is designed to act as a medium of exchange. Cryptocurrency is an emerging asset class. There are thousands of cryptocurrencies, the most well-known of which is bitcoin. Certain of the firm’s clients may have exposure to bitcoin or another cryptocurrency, directly or indirectly through an investment such as an ETF or other investment vehicles. Cryptocurrency operates without central authority or banks and is not backed by any government. Cryptocurrencies may experience very high volatility and related investment vehicles may be affected by such volatility. As a result of holding cryptocurrency, certain of the firm’s clients may also trade at a significant premium or discount to NAV. Cryptocurrency is also not legal tender. Federal, state or foreign governments may restrict the use and exchange of cryptocurrency, and regulation in the U.S. is still developing. The market price of many cryptocurrencies, including bitcoin, has been subject to extreme fluctuations. If cryptocurrency markets continue to be subject to sharp fluctuations, investors may experience losses if the value of the client’s investments decline. Similar to fiat currencies (i.e., a currency that is backed by a central bank or a national, supra-national or quasi-national organization), cryptocurrencies are susceptible to theft, loss and destruction. Cryptocurrency exchanges and other trading venues on which cryptocurrencies trade are relatively new and, in most cases, largely unregulated and may therefore be more exposed to fraud and failure than established, regulated exchanges for securities, derivatives and other currencies. The SEC has issued a public report stating U.S. federal securities laws require treating some digital assets as securities.

Cryptocurrency exchanges may stop operating or permanently shut down due to fraud, technical glitches, hackers or malware. Due to relatively recent launches, most cryptocurrencies have a limited trading history, making it difficult for investors to evaluate investments. Generally, cryptocurrency transactions are irreversible such that an improper transfer can only be undone by the receiver of the cryptocurrency agreeing to return the cryptocurrency to the original sender. Digital assets are highly dependent on their developers and there is no guarantee that development will continue or that developers will not abandon a project with little or no notice. Third parties may assert intellectual property claims relating to the holding and transfer of digital assets, including cryptocurrencies, and their source code. Any threatened action that reduces confidence in a network’s long-term ability to hold and transfer cryptocurrency may affect investments in cryptocurrencies.

Many significant aspects of the U.S. federal income tax treatment of investments in cryptocurrency are uncertain and an investment in cryptocurrency may produce income that is not treated as qualifying income for purposes of the income test applicable to regulated investment companies. Certain cryptocurrency investments may be treated as a grantor trust for U.S. federal income tax purposes, and an investment by the firm’s clients in such a vehicle will generally be treated as a direct investment in cryptocurrency for tax purposes and “flow-through” to the underlying investors.

#### **Disciplinary Information - Item 9**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of us or the integrity of our management. There is no history of reportable material legal or disciplinary events by our firm or our management persons.

#### **Other Financial Industry Activities or Affiliations - Item 10**

Management Persons and Associated Persons are licensed as insurance agents and can effect transactions in various insurance products, including life, health, disability, long-term care, and annuities and earn commissions for these activities. The firm expects that clients to whom it offers advisory services may also be clients for whom such individuals act as insurance agents. Clients are instructed that the fees paid to the firm for advisory services are separate and distinct from the commissions earned for placing the client in insurance products. Clients to whom the firm offers advisory services are informed that they are under no obligation to use the firm's Associated Persons for insurance services and may use the insurance brokerage firm and agent they choose.

The sale of insurance instruments and other commissionable products offered by Associated Persons are intended to compliment Aegis Wealth's advisory services. However, a conflict of interest exists due to the potential receipt of dual forms of compensation. Aegis Wealth has policies and procedures in place to monitor all client transactions and all client transaction costs will be disclosed to the client.

#### **Recommendation of Other Advisors**

We may recommend that you use a third-party investment adviser or program as part of our asset allocation and investment strategy. Aegis Wealth typically shares in the compensation received by the third-party investment adviser; therefore, we are incentivized to recommend only the investment advisers from whom we receive solicitor/referral fees as opposed to another investment adviser from whom we do not receive such fees. We continually monitor other investment advisers that we might recommend under a solicitor arrangement. In the event that a recommended investment adviser is not meeting the standards that we believe meet your needs, we will seek other investment advisers that we believe will better fit your specific management needs.

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

#### **Description of Our Code of Ethics**

Aegis Wealth has adopted a Code of Ethics (the "Code") to address investment advisory conduct. The Code focuses primarily on fiduciary duty, personal securities transactions, insider trading, gifts, and conflicts of interest. The Code includes Aegis Wealth's policies and procedures developed to protect clients' interests in relation to the following topics:

- The duty at all times to place the interests of clients first;
- The requirement that all personal securities transactions be conducted in such a manner as to be consistent with the code of ethics;
- The responsibility to avoid any actual or potential conflict of interest or misuse of an employee's position of trust and responsibility;
- The fiduciary principle that information concerning the identity of security holdings and financial circumstances of clients is confidential; and
- The principle that independence in the investment decision-making process is paramount.

A copy of Aegis Wealth's Code of Ethics is available upon request to Rick Rumelhart, Chief Compliance Officer, at (833) 483-8383 or [rick@aegiswealthmanagement.com](mailto:rick@aegiswealthmanagement.com).

#### **Personal Trading Practices**

At times, Aegis Wealth and/or its Associated Persons may take positions in the same securities as clients, which may pose a conflict of interest with clients. We will not violate our fiduciary responsibilities to our clients. Front running (trading shortly ahead of clients) is prohibited. Should a conflict occur because of materiality, disclosure will be made to the client(s) at the time of trading. Incidental trading not deemed to be a conflict (i.e., a purchase or sale which is minimal in relation to the total outstanding value, and as such would have negligible effect on the market price), would not be disclosed at the time of trading.

### **Brokerage Practices - Item 12**

We recommend the brokerage and custodial services of several securities broker-dealers. All recommended companies are unaffiliated, qualified custodians and are registered securities broker-dealers and members of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. We believe that recommended broker-dealers/custodians provide quality execution services for you at competitive prices. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided by recommended broker-dealers/custodians, including the value of research provided, the company's reputation, execution capabilities, commission rates, and responsiveness to our client and our firm. In recognition of the value of research services and additional brokerage products and services recommended broker-dealers/custodians provide, you may pay higher commissions and/or trading costs than those that may be available elsewhere. Additionally, recommended third party advisers may routinely recommend or require client to utilize a particular broker-dealer/custodian in order to participate in such third-party programs as described in the relevant third-party adviser's disclosure document(s) and/or advisory agreement(s).

#### **TD Ameritrade Institutional program**

Our firm participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC. TD Ameritrade offers independent investment advisers services, which include custody of securities, trade execution, clearance, and settlement of transactions. Our firm receives research and benefits from TD Ameritrade through our participation in the program.

#### **Research and Other Benefits**

As disclosed above, our firm participates in TD Ameritrade's institutional customer program. There is no direct link between our firm's participation in the program and the investment advice we give to our client, although we receive economic benefits through our participation in the program that are typically not available to TD Ameritrade retail investors.

These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving our firm's participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to our client accounts); the ability to have our advisory fees deducted directly from our clients' accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to our firm by third party vendors. TD Ameritrade may also pay for business consulting and professional services received by our firm's related persons and may also pay or reimburse expenses (including travel, lodging, meals, and entertainment expenses) for our firm's personnel to attend conferences or meetings relating to the program or to TD Ameritrade's adviser custody and brokerage services generally. Some of the products and services made available by TD Ameritrade through the program may benefit our firm, but may not benefit our client accounts. These products or services may assist us in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits received by our firm or our personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of our fiduciary duties to client, our firm endeavors at all times to put the interests of our client first. You should be aware, however, that our firm's receipt of economic benefits in and of itself creates a potential conflict of interest and may indirectly influence our choice of TD Ameritrade for custody and brokerage services.



### **Schwab Advisor Services**

Aegis Wealth has established an institutional custodial relationship with Charles Schwab & Co., Inc. (Schwab), a FINRA-registered broker-dealer, member SIPC. Schwab Advisor Services (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like us. We are independently owned and operated; and, we are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and will buy and sell securities in your account(s) upon our instructions. While we recommend that you use Schwab as custodian/broker, you will decide whether to do so and you will open your account with Schwab by entering into an account agreement directly with them.

#### *Your Custody and Brokerage Costs*

Schwab generally does not charge you separately for custody services, but it is compensated by charging commissions or other fees on trades that it executes or that settle into your Schwab account. In addition to commissions, Schwab charges a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account.

#### Research and Other Benefits

Although not considered "soft dollar" compensation, Aegis Wealth may receive some economic benefits from Schwab Advisor Services in the form of access to its institutional brokerage, trading, custody, reporting and related services, many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts while others help us manage and grow our business. Schwab's support services are generally available on an unsolicited basis (we do not have to request them) and at no charge to us. Below is a detailed description of Schwab's support services:

*Services that Benefit You:* Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

*Services that May Not Directly Benefit You:* Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- provide access to client account data (such as duplicate trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- provide pricing and other market data;
- facilitate payment of our fees from our clients' accounts; and
- assist with back-office functions, recordkeeping, and client reporting.

*Services that Generally Benefit Only Us:* Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- educational conferences and events;
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants, and insurance providers.



Schwab may provide some of these services itself. In other cases, it will arrange for third party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits such as occasional business entertainment of our personnel.

Aegis Wealth understands its duty for best execution and considers all factors in making recommendations to clients. These research services may be useful in servicing all Aegis Wealth clients, and may not be used in connection with any particular account that may have paid compensation to the firm providing such services. While Aegis Wealth may not always obtain the lowest commission rate, Aegis Wealth believes the rate is reasonable in relation to the value of the brokerage and research services provided.

**Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers and custodians with which we have an institutional advisory arrangement. In addition, we do not receive other benefits from a broker-dealer in exchange for client referrals.

**Directed Brokerage**

The client may direct brokerage to a specified broker-dealer other than the firm recommended by Aegis Wealth. In the event that a client directs Aegis Wealth to use a particular broker-dealer, the firm may not be authorized under these circumstances to negotiate commissions and may not be able to obtain volume discounts or best execution. In addition, under these circumstances a disparity in commission charges may exist between the commissions charged to clients who direct the Company to use a particular broker-dealer and those who do not.

**Trade Aggregation/Block Trading**

Aegis Wealth does not place transactions directly in client accounts. Sub advisers may or may not aggregate transactions. Where orders are not aggregated, some clients may pay a different price for their securities than other clients. The sub adviser's trade aggregation policy will be disclosed in the sub adviser's Form ADV Part 2 Brochure.

**Review of Accounts - Item 13**

Accounts are reviewed by the Associated Person named as adviser of record on the account. The frequency of reviews is determined based on the client's investment objectives, but reviews are conducted no less frequently than annually. Additional reviews are usually triggered by a change in the client's investment objectives, tax considerations, large deposits or withdrawals, large purchases or sales, loss of confidence in corporate management, or changes in macro-economic climate.

The client's independent custodian provides account statements directly to the client no less frequently than quarterly. The custodian's statement is the official record of the client's securities account and supersedes any statements or reports created on behalf of the client by Aegis Wealth.

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

Aegis Wealth has brokerage and clearing arrangements with TD Ameritrade and Schwab and the firm may receive additional benefits from these firms in the form of electronic delivery of client information, electronic trading platforms, institutional trading support, proprietary and/or third-party research, continuing education, practice

management advice, and other services provided by custodians for the benefit of investment advisory clients. Please refer to item 12 above for more information about the receipt of additional benefits from broker-dealers/account custodians.

#### **Recommendation of Other Advisors**

We may recommend that you use a third-party investment adviser or program as part of our asset allocation and investment strategy. Aegis Wealth typically shares in the compensation received by the third-party investment adviser. The compensation arrangement presents a conflict of interest due to a financial incentive to recommend the services of a third-party investment adviser. Since our compensation may differ depending upon our individual agreement with each third-party adviser, we have an incentive to recommend one third party adviser over another third-party adviser with whom we have less favorable compensation arrangements or with whom we have no compensation arrangements. At all times, Aegis Wealth and its Associated Persons strive to uphold their fiduciary duty of fair dealing with clients. You are not required to use the services of any recommended third-party investment adviser.

Aegis Wealth may compensate outside firms for referral activities. These fees may come in the form of marketing or referral fees paid directly to that firm by Aegis Wealth. The exact compensation arrangement will vary depending on the individual firm and factors associated with the referral. Fees are typically based on a portion of the management fees charged to clients by Aegis Wealth and paid to others who introduced said client to Aegis Wealth. In all cases, Aegis Wealth will comply with the cash solicitation rules established by the SEC and/or applicable state regulators, and with client disclosure requirements.

Aegis Wealth and employees may receive additional compensation from product sponsors. However, such compensation may not be tied to the sales of any products. Compensation may include such items as gifts valued at less than \$100 annually; an occasional dinner or ticket to a sporting event; reimbursement in connection with educational meetings with an Associated Person, client workshops, or events; or marketing events or advertising initiatives, including services for identifying prospective clients. Product sponsors may also pay for or reimburse Aegis Wealth for the costs associated with Aegis Wealth employees and investment adviser representatives attending various education or training events, as well as Aegis Wealth sponsored conferences and events.

Non-employee (outside) consultants, individuals, and/or entities, who are directly responsible for bringing a client to Aegis Wealth, may receive compensation from the firm. Such arrangements will comply with the requirements set forth in Rule 206(4)-3 of the Investment Advisers Act of 1940, including the requirement that the relationship between the solicitor and the investment adviser be disclosed to the client at the time of the solicitation or referral. Under these arrangements, the client does not pay higher fees than Aegis Wealth's customary advisory fees.

#### **Custody - Item 15**

Aegis Wealth is deemed to have custody over client funds because of its authority to deduct fees from the client's account at the qualified custodian.

Clients will receive account statements at least quarterly from their qualified custodian. Clients are urged to review their custodial account statements for accuracy.

#### **Investment Discretion - Item 16**

Aegis Wealth's portfolio management services are offered on a discretionary basis. This authority is granted to us by you in the Asset Management Agreement. This allows our firm and/or the sub adviser to choose the quantity of the securities to be purchased or sold and whether to place buy or sell orders for your account without obtaining your approval for each transaction.

If you wish, you may limit our discretionary authority by, for example, setting a limit on the type of securities that can be purchased for your account. All restrictions or guidelines must be provided in writing.

#### Voting Client Securities - Item 17

Aegis Wealth does not vote proxies. It is the client's responsibility to vote proxies. Clients will receive proxy materials directly from the custodian. Questions about proxies may be made via the contact information on the cover page.

#### Financial Information - Item 18

We are required in this Item to provide you with certain financial information or disclosures about Aegis Wealth's, financial condition. Aegis Wealth does not require the prepayment of over \$1,200, six or more months in advance. Additionally, Aegis Wealth has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and Aegis Wealth has not been the subject of a bankruptcy proceeding.

#### Requirements of State-Registered Advisers - Item 19

**This section is not applicable because our firm is SEC-registered.**

#### Aegis Wealth Management Inc. Privacy Policy Notice

This notice is being provided to you in accordance with the Securities and Exchange Commission's rule regarding the privacy of consumer financial information ("Regulation S-P"). Please take the time to read and understand the privacy policies and procedures that we have implemented to safeguard your nonpublic personal information.

##### **INFORMATION WE COLLECT**

Aegis Wealth Management Inc. (Aegis Wealth) must collect certain personally identifiable financial information about its customers to provide financial services and products. The personally identifiable financial information that we gather during the normal course of doing business with you may include:

- information we receive from you on applications or other forms;
- information about your transactions with us, our affiliates, or others;
- information we receive from a consumer reporting agency.

**INFORMATION WE DISCLOSE**

We do not disclose any nonpublic personal information about our customers or former customers to anyone, except as permitted or required by law, as necessary to provide services to you or if you have given us permission in writing. In accordance with Section 248.13 of Regulation S-P, we may disclose all of the information we collect, as described above, to certain nonaffiliated third parties such as our attorneys, accountants, auditors and persons or entities that are assessing our compliance with industry standards. We enter into contractual agreements with all nonaffiliated third parties that prohibit such third parties from disclosing or using the information other than to carry out the purposes for which we disclose the information.

**CONFIDENTIALITY AND SECURITY**

We restrict access to nonpublic personal information about you to those Employees who need to know that information to provide financial products or services to you. We maintain physical, electronic, and procedural safeguards that comply with federal standards to guard your nonpublic personal information.

**ACCURACY**

Aegis Wealth strives to maintain accurate personal information in our client files at all times. However, as personal situations, facts and data change over time; we encourage our clients to provide feedback and updated information to help us meet our goals.