



## Regulation Best Interest Disclosure Supplement

### About Us

Aegis Capital Corp. (“Aegis” or the “Firm”) is dually registered with the Securities and Exchange Commission (“SEC”) and the Financial Industry Regulatory Authority (FINRA) as a Broker-Dealer and Registered Investment Adviser.

### About this Document

This document is meant to provide additional information and disclosures regarding our Firm pursuant to Regulation Best Interest.

### Capacity in which your Financial Professional is Acting

Aegis Capital Corp (the “Firm”, “Aegis”) is both a broker-dealer and a registered investment adviser. Your financial professional may be a registered representative of our Broker-Dealer, an investment adviser representative of our Registered Investment Adviser, or both. You can check your financial professional at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) which will allow you to search for your financial professional by name. Their respective profile will show you if they are a broker, investment adviser, or both and you can also find additional information about our firm.

In most cases, when making a recommendation to you regarding investments in your brokerage account<sup>1</sup> or directly with an investment sponsor (known as “direct business”), your financial professional is acting in his/her capacity as a registered representative under the broker-dealer. When providing advice or a recommendation regarding investments in a managed account<sup>2</sup>, your financial professional is acting in the capacity of an investment adviser representative. Your account application or agreement will identify which type of account you have.

Whenever your financial professional acts in an alternative capacity with this guidance, you will receive an updated notice in writing.

Doing Business As: The Firm does not have any affiliations that it controls or is under common control by the Firm or its parent, Aegis Capital Holdings. However, the Firm, through its financial professionals, may

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<sup>1</sup> Brokerage Account – also known as a transactional account or commission-based account, is a type of account where the fee(s) paid by the client, in the form of commission, sales credit, a mark-up or mark-down, are charged on each transaction (buy or sell) that occurs in the account. These fees may be in addition to other fees applicable to the account as discussed herein.

<sup>2</sup> Managed Account – also known as a fee-based account, advisory account or wrap fee account, is a type of account where the fee(s) paid by the client are based on a percentage of billable assets under management held in the account. These fees may be in addition to other fees applicable to the account as discussed herein.

market itself by another name under a “doing business as” or “DBA” title. These DBAs vary, but all securities offered are through the Firm.

### **Material Limitations**

Aegis is a full-service broker dealer, wealth management and investment banking firm which offers most account types, products, and securities; however, there may be additional account types, products, and securities that are not offered by the Firm.

Additionally, the financial professionals associated with our Firm are licensed to offer certain account types, products, and securities. There may be material limitations to the recommendations your financial professional provides. In some cases, based on the licensing of your financial professional, even when available through our firm or an affiliate, your financial professional might not be able to recommend a particular account type, product, and/or security. If your financial professional cannot recommend a particular account type, product, and/or security, it may be available by another financial professional at the Firm. You can check to see the licenses your financial professional holds, by visiting [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### **Requirements for You to Open or Maintain an Account with Us**

Generally, the Firm requires a minimum investment of \$25,000 to open a managed account but does not have a minimum amount to open a brokerage account. However, the Firm does make exceptions to this policy on a case by case basis. It is also important to note, some products will require a minimum investment, which can be found on the investment prospectus, offering materials, or similar document.

### **Our Firm’s Investment Approach**

Aegis’ financial professionals uses industry knowledge and experience to provide brokerage services to retail clients as well as investment advice, through its registered investment adviser. The Firm seeks to understand our client’s unique investment profiles and recommend investments and strategies consistent with their financial goals. However, the products and services offered by the Firm do vary and the investment philosophy, approach, risk, and objective of these investments will too. You should confirm all investment advice meets your specific objectives and risk tolerance and where applicable review the prospectus or similar documents thoroughly before making an investment. You may also contact your financial professional should you have additional questions.

### **Material Fees, Costs, and Associated Conflicts**

The Firm and its financial professionals receive compensation directly from their customers or indirectly from the investments a customer makes. This compensation takes the form of an upfront commission and/or ongoing compensation, known as trailing compensation. It is important to note that the amount of compensation can change over time. In order to receive specific and up-to-date information, customers should review the respective prospectus, offering document, (including, without limitation, a private placement memorandum and/or related transaction documents), and other account documents including

account statements and trade confirmations. Customers should discuss with their financial professional if they have any questions regarding compensation and/or conflicts of interest.

### Commissions and Sales Compensation

The Firm receives commissions when it buys or sells a security. This commission is also referred to as a concession, placement fee, or sales charge/load. Typically, the Firm receives the commission and shares a certain percentage of the commission with the financial professional. Because the amount of commission charged can vary between different securities and products, this could create an incentive to recommend certain investments over others. It also could create an incentive to conduct a higher number of transactions.

- **Equity/ETF/ETN/CEF/Options:** The Firm charges up to a maximum of 5% per transaction on these types of securities. The charge may be in the form of a commission or markup or markdown<sup>3</sup>. The charge is subject to change depending on the circumstances.
- **Fixed Income and Bonds:** Typically, fixed income securities, such as corporate bonds, municipal bond, collateralized mortgage obligation (CMO), and other types of fixed income securities are charged a markup or markdown. The maximum amount charged in the form of a markup or markdown is typically 3%, but this amount may vary based on certain circumstances. The firm can also charge a commission in place of the markup or markdown. A commission of up to 3% may be charged on a bond trade.
- **Mutual Funds and 529 Plans:** The Firm may receive up to a maximum of 6% commission on mutual funds and 529 plans, however this amount can be reduced based on a number of factors, including breakpoints, the dollar amount invested and the share class. The Firm also may receive trailing compensation on these investments which can vary based on the share class selected.
- **Annuities:** The maximum amount paid for the sale of an annuity is typically up to 8% but can vary based on the type of annuity chosen and share class, when applicable.
- **Alternative Investments:** The Firm typically receives a maximum upfront commission of up to 10% for the sale of alternatives investments such as hedge funds, private equity funds, real estate investment trusts (REITs), business development companies (BDCs) and private placements. The Firm may also receive an expense allowance to offset its expenses in connection with an alternative investment product. The Firm may also receive a procurement fee of up to 2.5% from private equity funds for services rendered in locating, acquiring and disposing of securities for investment.
- **Structured Products:** The Firm typically receives upfront commissions as high as 5% for the sale of some structured products.
- **Unit Investment Trusts (“UITs”):** The sales charge for a UIT will vary, typically with a maximum of up to 5%. Please refer to the offering prospectus when applicable for all costs and fees associated with any product you are considering purchasing.

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<sup>3</sup> A markup/markdown is akin to a commission and is shown on the trade confirmation as a markup or markdown in the price of the specified security in place of a dollar amount. When the Firm buys from or sells a security to you in a principal capacity, the Firm buys or sells the security directly from you, rather than acting as your agent to buy or sell the security from a third party. These transactions are also known as “dealer transactions.” In these circumstances, if we sell a security at a price higher than what we paid for it, we will earn a markup. Conversely, if we buy a security from you at a price lower than what we sell it for, we will earn a markdown. Transactions in bonds and other fixed-income securities such as structured products often occur as dealer transactions.

- **Insurance Products:** The Firm may receive compensation for certain insurance products sold through an unaffiliated insurance agency. The amount of upfront commission can vary greatly depending on the product type and carrier but is typically 20% to 120% of the first 12 months in premiums charged. The Firm may also receive a trail payment in the range of 1% to 25% of subsequent premiums, if any. Certain insurance companies offer financial professionals bonus payments, oftentimes called persistency or retention bonuses, based on the amount of customer assets that the financial professional has placed in the insurance company's products.

### **Understanding Share Classes**

Share classes differ in the amount and way that fees are charged. The amount of upfront sales charges versus trailing compensation charged on certain products, such as mutual funds, UITs, variable annuities, or 529 investments will vary, depending on the share class selected. For example, Class A mutual fund shares typically will result in a higher upfront sales charge and lower trailing compensation, while the opposite is true for a Class C shares. In order to see a complete list of the share classes available for a particular investment and their respective costs, you should review the investment prospectus and other offering documents.

### **Product Costs**

Financial professionals provide recommendations with respect to a broad range of investment products, including stocks, bonds, ETFs, mutual funds, annuities and alternative investments. Many investment products charge fees and costs that are separate from and in addition to the commissions and fees that the Firm and financial professionals receive. You can learn more about these fees and costs charged by an investment product by reviewing the investment product's prospectus, offering memorandum, or other disclosure documents.

### **Account Fees**

In addition to the commissions and sales charges described above, customers can also be charged direct fees and charges for miscellaneous account services such as wire transfers, inactivity fees, account transfers (ACAT), error corrections, and account maintenance. These fees are typically charged by the clearing firm where your assets are custodied and some of these fees may be shared with the Firm. For a complete list of these charges and fees you should review your account agreement and Firm fee schedule which are available on our website [www.aegiscapcorp.com/general-disclosures/](http://www.aegiscapcorp.com/general-disclosures/). You should also discuss these charges with your financial professional if you have any questions.

A Service Charge also referred to as a Processing and Handling Fee or Ticket Charge may be incurred with each transaction and will be displayed on a Trade Confirmation. Services Charges are additional revenue to the Firm. Speak with your Financial Professional for details on Service Charges that may apply.

## Financial Professional Specific Compensation

Financial Professional compensation typically includes a percentage of the selling compensation described herein, but may also receive salaries and other cash or non-cash compensation and benefits that may be tied to their performance, including, but not limited to the amount of revenues they generate. The percentage of revenue the financial professional receives is negotiated with the Firm. Financial professionals can also receive special recruitment incentives such as forgivable loans and bonuses. They may also receive help with business operations, including expense reimbursement.

## Additional Compensation from Third Parties

In addition to the commissions and sales compensation described above, the Firm and your financial professional may receive additional compensation from third parties. This additional compensation may incentivize your financial professional to recommend certain investments over others. It is important to note that the amount of compensation may vary between security types and product/investment sponsors. In order to receive specific and the most up-to-date information, customers should review the respective prospectus, offering document, and/or transaction confirmations.

- **Other Trailing Compensation:** The Firm may receive trailing compensation, including 12b-1 fees, which are paid from certain investment sponsors for mutual funds, annuities, and alternative investments. The amount can vary based on the product and total amount invested. For mutual funds, the maximum amount is typically 1%, while annuities and alternative investments can be as high as 2%.
- **Mutual Fund Concessions and Finder's Fees:** The Firm may receive additional compensation known as concessions or finder's fees from a mutual fund company, often in cases where the sales charge is waived based on certain criteria. This amount can vary, but the maximum amount is typically 1% of the transaction. The Firm also receives concessions from investment sponsors for other types of investments. These concessions vary from product to product and are generally shared between the Firm and the financial professional. Concessions can be as high as 0.25% of the transaction amount for new issues of certificates of deposit, municipal bonds and other short-term dated bonds, up to 3% of the transaction amount for structured products, and up to 4% of the transaction amount for CEFs.
- **Network Agreements:** The Firm may receive additional compensation based on the total assets invested in a particular investment.
- **Product Onboarding:** The Firm may receive onboarding fees or reimbursement for certain expenses associated with product onboarding, including due diligence. These payments can be fixed or a percentage of the total value of an offering.
- **Non-Cash Compensation and Marketing:** The Firm and its employees may periodically receive compensation that is not transaction based from investment sponsors. This includes entertainment such as sporting event tickets, costs associated with dinner, small gifts valued at no more than \$100, or marketing fees for workshops, events, and advertising. Some investment sponsors may contribute to conferences, seminars, marketing and/or dinners.
- **Cash Sweeps:** The Firm receives compensation for when a cash balance is moved to a particular fund or account from which the Firm generates additional compensation.
- **Securities Lending:** The Firm along with the customer, may receive a fee for securities lent to the clearing firm as part of a securities lending agreement.

- **Margin or Portfolio Line of Credit:** When a customer utilizes margin or a portfolio line of credit, the Firm receive a percentage of the balance lent.
- **Payment for Order Flow:** The Firm may receive remuneration for directing orders in securities to particular market centers for execution. The Account Holder understands that this remuneration, known as "payment for order flow," is considered compensation to the Firm.

### **Additional Conflicts of Interests**

- **Gifts and Entertainment:** A conflict of interest may arise when a financial professional receives or offers a gift, entertainment, or anything of value that could create an incentive for an employee, third party service provider, or a client to act in a certain way.
- **Shared Revenues and Payments from Third Parties:** We receive shared revenue, fees, and/or payments from our clearing firm and investment sponsors. In addition, we have an agreement with an unaffiliated insurance agency and receive some compensation for certain products sold through this agency. This creates an incentive to offer or recommend certain products and services.
- **Proprietary Trading:** The Firm may engage in trading activities for its own account or client accounts while other clients are active in the same security at the same time. In such cases the Firm may be incentivized to maximize its returns which could result in certain trades being unfavorable to the performance of your account.
- **Multiple Roles:** The Firm or its affiliates may perform multiple roles with respect to a client or transaction (e.g., advisor, lender, broker, riskless principal counterparty). These roles mean we might be biased regarding the services we recommend as they relate to these roles.
- **Acting in Principal Capacities:** The Firm may earn a profit from buying and selling investments from our own accounts therefor the Firm may have an incentive if you trade on a principal basis.
- **Outside Business Activities:** If approved, financial professionals may engage in certain outside business activities. As a result, financial professionals may be incentivized to recommend certain products or services outside the scope of their relationship with the Firm and they may benefit financially from these recommendations. In addition, financial professionals may engage in personal trading which could conflict with a client or with the Firm.
- **Political and Charitable Contributions:** The Firm and/or its financial professionals' may make charitable and/or political donations that could create the perception that the Firm or financial professional is seeking a quid pro quo from the recipient of the donation.
- **Confidentiality:** The Firm and its financial professionals are periodically exposed to confidential information which may benefit us or a client.
- **Supervision Conflicts:** When a manager is also a producing financial professional, he/she could be incentivized to spend more time on revenue generating activities than supervision activities.

### **Understanding Risk**

Our Firm does not provide tax, legal or accounting advice. Accordingly, we encourage each customer to consult their own personal tax, legal and/or accounting advisers in order to understand the potential consequences associated with a particular investment strategy.

Investing in securities involves risk of loss that customers should understand and be prepared to bear. Different types of investments involve varying degrees of risk and there can be no assurance that any specific investment or investment strategy will be profitable for a customer's investment portfolio. Past performance is not indicative of future results. A customer should not assume that the future performance of any specific investment, investment strategy, or product will be profitable or equal to past or current performance levels. We cannot assure that the investment objectives of any client will be realized. The following is a non-exhaustive list of risks associated with investing. For additional product-specific risks, customers should review their prospectus, offering document, or similar materials and consider them carefully prior to making an investment decision.

- **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/Credit 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 of securities.
- **Third Party Manager Risk:** Third Party portfolio managers typically have full discretion as to how manage the model portfolio based on the objective of the model. Such discretion increases the risk that the TPM may mismanage the portfolio and client's assets which may result in client's loss.

- **Concentration Risk:** Concentration risk is the potential for a loss in value of an investment portfolio by having a large portion of the portfolio in a particular investment, asset class or market segment relative to the overall portfolio.