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OFFERING CIRCULAR

PREFERRED RETURN UNITS

Proprietary Information: Do Not Distribute

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THE SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED FOR SALE WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), IN RELIANCE UPON THE EXEMPTIONS FROM SUCH REGISTRATION REQUIREMENTS SET FORTH IN SECTION 4(2) OF THE ACT, RULE 506 OF REGULATION D AND/OR REGULATION S PROMULGATED THEREUNDER. NO SECURITIES OF AEGIS HAVE BEEN QUALIFIED OR REGISTERED FOR SALE IN ANY STATE IN RELIANCE UPON THE EXEMPTIONS FROM SUCH QUALIFICATION OR REGISTRATION UNDER STATE LAWS. THE SECURITIES OF AEGIS ARE "RESTRICTED SECURITIES" AND MAY NOT BE RESOLD OR OTHERWISE DISPOSED OF UNLESS A REGISTRATION STATEMENT COVERING DISPOSITION OF SUCH SECURITIES IS THEN IN EFFECT OR AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY, ADEQUACY, TRUTHFULNESS, OR COMPLETENESS OF THIS DOCUMENT AND HAVE NOT PASSED UPON THE MERIT OR VALUE OF THESE SECURITIES, OR APPROVED, DISAPPROVED OR ENDORSED THE OFFERING. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE DISCLOSURES, MERITS AND RISKS INVOLVED.

THIS OFFER IS SUBJECT TO CERTAIN RISK FACTORS DESCRIBED HEREIN BEGINNING ON PAGE 13.

The following securities are offered by Aegis under the terms described in “**Description of the Preferred Return Units**” beginning on page 6:

Preferred Return Units (“PRU”): A unique, patent pending investment vehicle that combines guaranteed returns of 3-4% with the convenience of near-instant liquidity. The guaranteed fixed rate of return will not fluctuate with the performance of Aegis’s asset portfolio. Returns accrue daily and are credited to investors’ Aegis accounts monthly. *See the Aegis Financial LLC Operating Agreement for a full description of the rights and preferences of the PRUs.*

- A minimum initial investment of \$20,000.00 is required to invest in the PRUs.
- Guaranteed returns are based on the dollar value of an investor’s Aegis account.

Aegis reserves the right to change the method by which returns are determined or the frequency with which returns are credited to the Investor.

NOTE: Investments offered by Aegis Financial are not bank deposits or obligations and are not insured by the Federal Deposit Insurance Corporation (FDIC), the Securities Investor Protection Corporation (SIPC) or any other federal or state agency.

This Offering Circular is dated July 1, 2015 and is to be used by investors from July 1, 2015 through June 30, 2016.

THIS OFFERING CIRCULAR HAS BEEN PREPARED SOLELY FOR THE BENEFIT OF PERSONS INTERESTED IN THE OFFERING. IT CONTAINS CONFIDENTIAL INFORMATION AND MAY NOT BE DISCLOSED TO ANYONE OTHER THAN AUTHORIZED PERSONS, SUCH AS ACCOUNTANTS, FINANCIAL PLANNERS OR ATTORNEYS RETAINED FOR THE PURPOSE OF RENDERING PROFESSIONAL ADVICE RELATED TO THE PURCHASE OF SECURITIES OFFERED HEREIN. IT MAY NOT BE REPRODUCED, DIVULGED OR USED FOR ANY OTHER PURPOSE UNLESS WRITTEN PERMISSION IS OBTAINED FROM AEGIS. THIS OFFERING CIRCULAR DOES NOT CONSTITUTE AN OFFER OR SOLICITATION TO ANY PERSON EXCEPT THOSE PARTICULAR PEOPLE WHO SATISFY THE SUITABILITY STANDARDS DESCRIBED HEREIN.

THE PRUs COVERED BY THIS OFFERING CIRCULAR HAVE NOT BEEN REGISTERED FOR SALE WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON THE EXEMPTIONS FROM SUCH REGISTRATION REQUIREMENTS SET FORTH IN SECTION 4(2) OF THE ACT, RULE 506 OF REGULATION D AND/OR REGULATION S PROMULGATED THEREUNDER. THESE SECURITIES ARE “RESTRICTED SECURITIES” AND MAY NOT BE RESOLD OR OTHERWISE DISPOSED OF UNLESS A REGISTRATION STATEMENT COVERING DISPOSITION OF SUCH MEMBERSHIP INTERESTS IS THEN IN EFFECT OR AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THIS INVESTMENT INVOLVES A DEGREE OF RISK THAT MAY NOT BE SUITABLE FOR ALL PERSONS. ONLY THOSE INVESTORS WHO CAN BEAR THE LOSS OF A SIGNIFICANT

PORTION (OR ALL) OF THEIR INVESTMENT SHOULD PARTICIPATE IN THE INVESTMENT. (SEE "RISK FACTORS" BELOW).

THERE IS NO PUBLIC MARKET FOR THE PRUs AND NONE IS EXPECTED TO DEVELOP IN THE FUTURE. ANY SUMS INVESTED IN THE PRUs ARE ALSO SUBJECT TO RESTRICTIONS ON WITHDRAWAL AND TRANSFER AS MORE FULLY SET FORTH IN THE OPERATING AGREEMENT OF AEGIS.

NO PERSON HAS BEEN AUTHORIZED IN CONNECTION WITH THIS OFFERING TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THAT INFORMATION AND THOSE REPRESENTATIONS SPECIFICALLY CONTAINED IN THIS OFFERING CIRCULAR. ANY OTHER INFORMATION OR REPRESENTATIONS SHOULD NOT BE RELIED UPON. ANY PROSPECTIVE INVESTOR OF THE PRUs WHO RECEIVES ANY OTHER INFORMATION OR REPRESENTATIONS SHOULD CONTACT AEGIS IMMEDIATELY TO DETERMINE THE ACCURACY OF SUCH INFORMATION AND REPRESENTATIONS. NEITHER THE DELIVERY OF THIS OFFERING CIRCULAR NOR ANY SALES HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF AEGIS OR IN THE INFORMATION SET FORTH HEREIN SINCE THE DATE OF THIS OFFERING CIRCULAR SET FORTH ABOVE.

PROSPECTIVE INVESTORS SHOULD NOT REGARD THE CONTENTS OF THIS OFFERING CIRCULAR OR ANY OTHER COMMUNICATION FROM AEGIS AS A SUBSTITUTE FOR CAREFUL AND INDEPENDENT TAX AND FINANCIAL PLANNING. EACH POTENTIAL INVESTOR IS ENCOURAGED TO CONSULT WITH HIS, HER OR ITS OWN INDEPENDENT LEGAL COUNSEL, ACCOUNTANT AND OTHER PROFESSIONALS WITH RESPECT TO THE LEGAL AND TAX ASPECTS OF THIS INVESTMENT AND WITH SPECIFIC REFERENCE TO HIS, HER OR ITS OWN TAX SITUATION, PRIOR TO SUBSCRIBING FOR THE PRUs.

THE PURCHASE OF PRUs BY AN INDIVIDUAL RETIREMENT ACCOUNT (IRA), KEOGH PLAN OR OTHER QUALIFIED RETIREMENT PLAN INVOLVES SPECIAL TAX RISKS AND OTHER CONSIDERATIONS THAT SHOULD BE CAREFULLY CONSIDERED. INCOME EARNED BY QUALIFIED PLANS AS A RESULT OF AN INVESTMENT IN THE PRUs MAY BE SUBJECT TO FEDERAL INCOME TAXES, EVEN THOUGH SUCH PLANS ARE OTHERWISE TAX-EXEMPT.

THE PRUs ARE OFFERED SUBJECT TO WITHDRAWAL OR CANCELLATION OF THE OFFERING AT ANY TIME FOR ANY REASON (OR NO REASON) AND WITHOUT ANY NOTICE THEREOF TO PROSPECTIVE INVESTORS. AEGIS RESERVES THE RIGHT, AT ITS SOLE AND ABSOLUTE DISCRETION, TO REJECT ANY SUBSCRIPTIONS IN WHOLE OR IN PART FOR ANY REASON (OR NO REASON) AT ANY TIME.

AEGIS WILL MAKE AVAILABLE TO ANY PROSPECTIVE INVESTOR AND HIS, HER OR ITS ADVISORS THE OPPORTUNITY TO ASK QUESTIONS AND RECEIVE ANSWERS CONCERNING THE TERMS AND CONDITIONS OF THE OFFERING, AEGIS, THE PRUs OR ANY OTHER RELEVANT MATTERS, AND TO OBTAIN ANY ADDITIONAL INFORMATION TO THE EXTENT THAT AEGIS POSSESSES SUCH INFORMATION.

THIS OFFERING INVOLVES SIGNIFICANT RISKS WHICH ARE DESCRIBED IN DETAIL HEREIN. FEES WILL BE PAID TO AEGIS MANAGER AND HIS AFFILIATES, WHO ARE SUBJECT TO CERTAIN CONFLICTS OF INTEREST. PROSPECTIVE PURCHASERS OF PRUs SHOULD READ THIS OFFERING CIRCULAR CAREFULLY AND IN ITS ENTIRETY.

THE INFORMATION CONTAINED IN THIS OFFERING CIRCULAR HAS BEEN SUPPLIED BY AEGIS. THIS OFFERING CIRCULAR CONTAINS SUMMARIES OF CERTAIN DOCUMENTS NOT CONTAINED IN THIS OFFERING CIRCULAR, WHICH ARE BELIEVED BY AEGIS TO BE ACCURATE. HOWEVER, ALL SUCH SUMMARIES ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCES TO THE ACTUAL DOCUMENTS. COPIES OF DOCUMENTS REFERRED TO IN THIS OFFERING CIRCULAR, BUT NOT INCLUDED HEREIN AS AN EXHIBIT, WILL BE MADE AVAILABLE TO QUALIFIED PROSPECTIVE INVESTORS UPON REQUEST.

THIS OFFERING IS NOT UNDERWRITTEN AND NO COMMISSION OR DISCOUNTS WILL BE PAID OR PROVIDED BY AEGIS IN CONNECTION WITH THE SALE OF PRUS. AEGIS WILL RECEIVE 100% OF THE PROCEEDS FROM THE SALE OF THE PRUS. AEGIS WILL BEAR ALL EXPENSES INCURRED IN THIS OFFERING.

THE PRUs ARE NOT SAVINGS OR DEPOSIT ACCOUNTS OR OTHER OBLIGATIONS OF A BANK AND ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC), THE SECURITIES INVESTOR PROTECTION CORPORATION (SIPC), ANY STATE BANK OR INSURANCE FUND OR ANY OTHER GOVERNMENTAL AGENCY. THE PAYMENT OF THE ORIGINALLY INVESTED AMOUNT AND/OR GUARANTEED RETURNS TO AN INVESTOR IN THE PRUs IS DEPENDENT UPON AEGIS'S FINANCIAL CONDITION AND AVAILABILITY OF ANCILLARY INVESTOR PROTECTIONS. THE PRUs ARE NOT OBLIGATIONS OF, NOR GUARANTEED BY, ANY OTHER PERSON OR ENTITY EXCEPT FOR AEGIS.

THE OFFER AND SALE OF THE PRUs IS STRICTLY LIMITED TO ACCREDITED INVESTORS. SEE [HTTP://WWW.SEC.GOV/ANSWERS/RULE506.HTM](http://www.sec.gov/answers/rule506.htm).

FORWARD LOOKING STATEMENTS

Investment in the securities to be issued by Aegis involves certain risks. Prospective Investors are encouraged to review all the materials contained in this Offering Circular and to consult their own attorneys and financial advisors.

This Offering Circular includes “forward-looking statements” within the meaning of the federal and state securities laws. Statements about Aegis and its expected financial position, business and financing plans are forward-looking statements. Forward-looking statements can be identified by, among other things, the use of forward-looking terminology such as “believes,” “expects,” “may,” “will,” “should,” “seeks,” “pro forma,” “anticipates,” “intends,” “projects,” or other variations or comparable terminology, or by discussions of strategy or intentions. Although Aegis believes that the expectations reflected in its forward-looking statements are reasonable, Aegis cannot assure any Investor that Aegis’s expectations will prove to be correct. Forward-looking statements are necessarily dependent upon assumptions, estimates and data that may be incorrect or imprecise and involve known and unknown risks, uncertainties and other factors. Accordingly, prospective Investors should not consider Aegis’s forward-looking statements as predictions of future events or circumstances.

A number of factors could cause Aegis’s actual results, performance, achievements or industry results to be materially different from any future results, performance or achievements expressed or implied by Aegis’s forward-looking statements. These factors include, but are not limited to: changes in economic conditions in general and in Aegis’s business; changes in prevailing interest rates and the availability of and terms of financing to fund Aegis’s business; changes in Aegis’s capital expenditure plans; and other factors discussed in this Offering Circular.

Given these uncertainties, prospective Investors should not rely on Aegis’s forward-looking statements in making an investment decision. Aegis disclaims any obligation to update Investors on any factors that may affect the likelihood of realization of Aegis’s expectations. All written and oral forward-looking statements attributable to Aegis, including statements before and after the date of this Offering Circular, are deemed to be supplements to this Offering Circular and are incorporated herein and are expressly qualified by these cautionary statements.

Although Aegis believes that the forward-looking statements are reasonable, prospective Investors should not place undue reliance on any forward-looking statements, which speak only as of the date made. Prospective Investors should understand that the factors discussed under “**RISK FACTORS**” could affect Aegis’s future results and performance. This could cause those results to differ materially from those expressed in the forward-looking statements.

PROSPECTIVE INVESTORS ARE NOT TO CONSTRUE THE CONTENTS OF THIS OFFERING CIRCULAR OR ANY OTHER PRIOR OR SUBSEQUENT COMMUNICATIONS FROM AEGIS OR ANY EMPLOYEES, REPRESENTATIVES OR AGENTS OF AEGIS, WHETHER WRITTEN OR ORAL, AS LEGAL, BUSINESS, OR TAX ADVICE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT HIS, HER, OR ITS OWN FINANCIAL ADVISOR, ACCOUNTANT, AND LEGAL COUNSEL AS TO TAX, LEGAL, AND RELATED MATTERS CONCERNING AN INVESTMENT IN THE PRUs.

SUMMARY OF OFFERING

PRUs WILL ONLY BE SOLD TO “ACCREDITED INVESTORS” MEETING CERTAIN INVESTOR SUITABILITY STANDARDS
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The following is a summary of Aegis’s offering and contains only selected information. This summary does not contain all of the information that a potential Investor should consider before investing. The information provided in this summary should be read in conjunction with Aegis’s Operating Agreement, Terms of Service, Subscription Agreement, and other materials provided by Aegis on its secure investor web portal located at aegis.financial.

The Issuer	Aegis Financial LLC, a Louisiana limited liability company formed December 3, 2014. Aegis is headquartered in Ruston, Louisiana.
The Securities	Limited Liability Company Preferred Return Units
Amount of the Offering	There is no minimum or maximum number of PRUs available for sale to investors. Aegis is authorized by its Operating Agreement to issue PRUs in any number subject only to the discretion of Aegis’s Board of Directors. PRUs are offered and sold directly by Aegis.
Value of Securities	Each PRU has a stated value of \$1.00. Aegis may issue PRUs in fractional amounts.

Return to Investors	3% to 4% annual return of invested amount depending on aggregate investment amount maintained by the investor.
Use of Proceeds	Amounts invested in the PRUs will be available to Aegis for its general working capital needs, for investment in real estate and real estate related assets, for redemption of PRUs, for payment of guaranteed payments to PRU holders, and for other purposes authorized by Aegis's Board of Directors.

DESCRIPTION OF THE PREFERRED RETURN UNITS

What investment product does Aegis offer?

Aegis offers a unique, patent pending investment vehicle that combines guaranteed returns of 3-4% with the convenience of near-instant liquidity. The actual security offered by Aegis is a limited liability company Preferred Return Unit ("PRU"). See the Aegis Operating Agreement, in particular Article 4 thereof, for a full description of the rights and preferences of the PRUs.

How are PRUs different from other real estate investments such as a REIT?

Aegis owns, operates, and invests in income-producing real estate and real estate-backed securities, which produce consistent income to Aegis allowing us to offer a guaranteed return to investors. As such, while your investment is secured by real estate, your return is not tied directly to the performance of such real estate assets. Rather, your return is fixed and guaranteed, like that of a savings account or a certificate of deposit (CD). Investors enjoy the benefits of a real estate portfolio without the risk or exposure.

How are PRUs different from traditional savings and time deposit accounts?

Aegis is not a bank nor does Aegis offer any banking products or services; however, with yields of 3% to 4%, Aegis provides a much higher rate of return than is traditionally offered by bank savings accounts. Also, unlike a CD, there is no minimum investment term; funds are accessible for withdrawal at any time in accordance with Aegis's policies and procedures.

How do PRU returns compare to today's savings account rates?

PRU returns of 3% – 4% are significantly higher than those of traditional savings accounts. While savings rates can vary and often change, the savings account average yield is generally less than 1%.

How is the rate of return determined?

An investor's return is based on total account balance.

How are returns paid?

Based on an investor's preference, PRU guaranteed returns are paid monthly by check, ACH, or through the automatic reinvestment of funds back into the investor's account through the purchase of additional PRUs.

Who is eligible to invest in Aegis?

Only accredited investors may invest in Aegis and the PRUs, which means that an investor must meet certain thresholds as defined by the Securities and Exchange Commission. An individual investor must have an annual income of not less than \$200,000 or \$300,000 with such investor's spouse with an expectation of that level of income continuing, or a net worth of more than \$1 million, excluding the value of such investor's primary residence. There are additional requirements for accredited investor

qualification for corporations, partnerships, LLC, trusts and other entities. See <http://www.sec.gov/answers/rule506.htm> for more information.

Is Aegis insured by the FDIC?

No. Aegis Financial is not a federally insured financial institution. Aegis is a private real estate portfolio and investment firm.

How is my investment protected?

- Security Interest in Assets. Each PRU and the Preferred Return Payments applicable thereto are secured by a continuing security interest in all of Aegis's assets, including all cash, deposit accounts, goods, equipment, inventory, and real and personal property.
- Fidelity Bond. Aegis will use its commercially reasonable efforts to maintain fidelity bond coverage in an amount not less than the aggregate of all investor funds. Fidelity bonds, also known as crime bonds or crime coverage, protect Aegis from losses due to employee dishonesty, including employee theft, forgery, alteration, computer fraud and loss of money and securities.
- Key Man Life Insurance. Aegis will use its commercially reasonable efforts to maintain a Key Man Life Insurance policy on Aegis's Chairman of the Board and President. The amount of such policy shall be sufficient to redeem all PRUs issued and outstanding from time to time.
- Third Party Trust Account Administration. Aegis will engage the services of third party trust account administrator, which shall be a reputable national or regional accounting firm, to oversee the financial activities of Aegis, including PRU purchases, redemptions, account balances, and expenses.
- Restricted Distributions to LLC Members. No distributions may be made to any limited liability company member if any required payment to a PRU holder has not been fully satisfied.

How can PRU investments be made?

Prospective investors are required to opening an Aegis account through Aegis's secure website at aegis.financial. Investors are required to provide personal information such as address, telephone number, email address, and Social Security number. Once an investor completes the online account form, an Aegis customer service representative will contact the potential investor to confirm the accuracy of all information in order to finalize the account opening process.

Once finalized, to subscribe for and purchase PRUs, an investor must meet certain eligibility and suitability standards. Additionally, an investor who wishes to purchase PRUs must sign (electronically if done through the secure Aegis web site) and execute a series of documents and disclosures, including a Subscription Agreement, which shall be accepted or rejected by Aegis in its sole and absolute discretion. By executing the investment documents, an investor makes certain representations and warranties upon which Aegis will rely in accepting the investor's subscription funds. Investors are encouraged to read all investment and account materials carefully and in their entirety.

If any State in which an investor resides requires a rescission period, then the subscription for PRUs will become final upon the passage of the appropriate time period required by the laws of the investor's state of residency.

How to fund an Aegis Account?

Investor may begin investing in PRUs once an Aegis account is active. Access to an investor's Aegis account is through a secure, password-protected web site. Full instructions are provided to initiate the investment process.

Is there a minimum required balance?

Yes. Investors must maintain a minimum investment of at least \$20,000.

When are funds available to an investor?

Funds are generally available in an investor's Aegis account once received from your financial institution.

When does the guaranteed return begin to accrue to an investor's Aegis account?

PRU guaranteed returns are calculated on a daily basis and begin to accrue to an investor's account once funds have been received by Aegis.

How are guaranteed returns paid to an investor?

Based on investor preference, guaranteed returns are paid monthly by check, ACH, or via automatic reinvestment of funds back into an investor's account.

May an investor invest additional funds?

Investors may acquire additional PRUs to the extent that Aegis is then offering PRUs for sale. Online access makes account management easy. Investors login into their Aegis account and follow the same steps taken when the initial investment was made. Investors may be required to re-affirm certain information that previously provided to Aegis when making subsequent investments.

How are investment funds withdrawn from an Aegis account?

Disbursements are available by check or ACH, at the investor's preference, and can be completed through an investor's online Aegis account. When an investor request that funds be disbursed, Aegis will redeem that number of PRUs (or fraction thereof) owned by such investor to satisfy the "withdrawal" request. As a result, the number of PRUs owned by the investor following redemption will be reduced accordingly.

Are there limits on daily investments or withdrawals?

Subject to certain uncommon limiting factors described in the Aegis Operating Agreement, Aegis does not limit the amount that may be invested nor are there limits on the amount that may be withdrawn as long as a minimum invested balance of \$20,000 is maintained.

Are there any monthly fees or charges associated with redemptions?

No. Aegis imposes no fees on its investors.

Are there any "early withdrawal" penalties?

No. The entirety of invested funds is available at all times with no fees or penalties for redemptions.

Where are Aegis investor funds deposited?

All funds invested with Aegis are deposited into an FDIC-insured bank account at First National Bank Ruston, LA. All investor funds and transactions associated with the account are monitored by an independent accounting firm.

Are the PRUs subject to involuntary redemption?

Yes. Aegis may redeem the PRUs at any time, in whole or in part, by paying the investor the cumulative amount of any guaranteed returns plus any unreturned originally invested amount. Upon redemption, all rights associated with the redeemed PRUs will expire and the investor shall no longer be entitled to any

distributions in respect thereof. (See the Aegis Operating Agreement for a full description of the redemption rights of Aegis).

Are there any limitations on transferability? Yes. The PRUs are non-negotiable and may be transferred only upon Aegis's written consent in accordance with the provisions of the Operating Agreement.

RELEVANT PROVISIONS OF THE AEGIS OPERATING AGREEMENT

Below are certain pertinent provisions excerpted from the Aegis Operating Agreement. Prospective investors are strongly encouraged to review the Operating Agreement in full prior to making any investment decision. Investors are required to certify that they have read, understood, and agree to the provisions of the Operating Agreement prior to purchasing any PRUs.

**ARTICLE 1
DEFINITIONS**

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“Preferred Return” means, with respect to each PRU Holder, that percentage amount per annum (non-compounding) as provided in such PRU Holder's PRU subscription documents or as set forth in the books and records of the Company, as amended from time to time, of such PRU Holder's Unrecovered Capital Contribution Amount calculated as of the beginning of the Fiscal Year in which such distribution occurs, which amount will be cumulative.

“Preferred Return Payments” shall mean those amounts payable as a preferred return to the PRU Holder of any class of Preferred Return Units pursuant to **Article 4** hereof.

“Preferred Return Unit” or “PRU” means the security issued to a PRU Holder of any class of Preferred Return Units, which does not share in Profits and Losses and has a zero Percentage Interest. Each Preferred Return Unit shall have a stated value of \$1.00. The Company may issue Preferred Return Units in fractional amounts.

“PRU Holder” means that Person identified as a current holder of any class of PRU on the books and records of the Company from time to time. For the avoidance of doubt, a PRU Holder shall not be a Member of the Company for any purpose whatsoever.

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ARTICLE 4 PREFERRED RETURN UNITS

4.1 PRUs. The Company shall be authorized to issue PRUs in any number, all of which shall have the rights and preferences as may be determined by the Board of Directors in their sole and absolute discretion. The number of PRUs issued and outstanding may be reduced or increased by further resolution duly adopted by the Board of Directors. Notwithstanding the forgoing, the Company will not amend this Agreement or take any other action for the purpose of avoiding or seeking to avoid the observance or performance of an obligation of the Company to a PRU Holder, including the amendment of this Operating Agreement in any manner that would lessen the underlying value of the PRUs in relation to the PRU Holder's then-current invested amount. The Company shall be permitted to issue fractional PRUs as authorized by the Managers in their sole and absolute discretion.

4.2 Suitability of PRU Holders. PRUs may be initially issued exclusively to Accredited Investors who meet certain minimum standards. Prior to issuance, a prospective PRU Holder must execute a Subscription Agreement and an Accredited Investor Questionnaire making certain representations and warranties to the Company, including, but not limited to, such prospective PRU Holder's qualifications as an "**Accredited Investor**" as defined by the Securities and Exchange Commission in Rule 501(a) of Regulation D promulgated under the Securities Act of 1933, as amended.

4.3 Capital Contribution. The PRU Holders have each made Capital Contributions in the amounts set forth on the books and records of the Company from time to time.

4.4 Restrictions on Transfer. No PRU Holder may Transfer the Preferred Return Unit to any Person, other than its Affiliates, except with the Majority Consent of Directors, which may be not be unreasonably withheld or delayed. The Board of Directors may require as a condition of any Transfer that the transferor assume all costs incurred by the Company in connection therewith and furnish an opinion of counsel, satisfactory to the Company, that the proposed Transfer complies with applicable law, including federal and state securities laws, and does not cause the Company to be an investment company as such term is defined in the Investment Company Act of 1940, as amended. Notwithstanding anything contained herein to the contrary, no Preferred Return Unit shall be transferred if, by reason of such Transfer, the classification of the Company as a partnership for federal income tax purposes would be adversely affected or jeopardized, or if such transfer would have any other substantial adverse effect for federal income tax purposes.

4.5 Payments. Except as otherwise provided in this Agreement, a PRU Holder shall be entitled to receive cash payments at the discretion of the Board of Directors. No PRU Holder shall have the right to demand or receive discretionary distributions of any kind.

4.6 PRU Holder Protections.

(a) Security for Preferred Return Payments. Each PRU and the Preferred Return Payments applicable thereto shall be secured by a continuing security interest in all of the Company's right, title and interest in and to all of assets of the Company and its subsidiaries, including all cash, deposit accounts, goods, equipment, inventory, and real and personal property.

(b) Fidelity Bond. The Company shall at all times endeavor to use its commercially reasonable efforts to maintain fidelity bond coverage in an amount not less than the aggregate of all investor funds then in the Company. Fidelity bonds, also known as crime bonds or crime coverage,

protect the Company from losses due to employee dishonesty, including employee theft, forgery, alteration, computer fraud and loss of money and securities.

(c) Key Man Life Insurance. The Company shall at all times endeavor to use its commercially reasonable efforts to maintain a Key Man Life Insurance policy on the Company's Chairman of the Board and President. The amount of such policy shall be sufficient to redeem all PRUs issued and outstanding from time to time.

(d) Third Party Trust Account Administration. The Company shall engage the services of third party trust account administrator, which shall be a reputable national or regional accounting firm, to oversee the financial activities of the Company, including PRU purchases, redemptions, account balances, and Company expenses.

4.7 Restricted Member Distributions. No distributions of Available Cash or property may be made to any Member pursuant to this Agreement if any required payment to a PRU Holder pursuant to Section 6.2(a) has not been made in full.

4.8 Accounting. The Company shall establish an account for each PRU Holder, which shall be equal to the Capital Contribution made by each such PRU Holder and shall not be increased or decreased by any Profits or Losses of the Company, which means that the value of a PRU will not increase or decrease in value based on the financial performance of the Company or the appreciation or depreciation of the Company's assets. The account shall not be decreased by the amount of any Preferred Return Payment made to such PRU Holder. The account of a PRU Holder will be decreased by all payments other than Preferred Return Payments made under Section 4.4 and pursuant to Section 14.2.

4.9 Voluntary Withdrawal by PRU Holder. PRU Holders may request withdrawal of their Unrecovered Capital Contribution Amount from the Company in writing (which writing may be in electronic form pursuant to the instructions provided by the Company from time to time) by giving the Company notice of the PRU Holder's intent to withdraw and the amount of the Unrecovered Capital Contribution Amount subject to the withdrawal notice. The Company will use its commercially reasonable efforts to redeem PRUs representing such amount within three (3) business days of the date of the withdrawal request.

Notwithstanding anything to the contrary, the Manager may suspend the withdrawal of funds from the Company, at any time, whenever, as a result of events, conditions or circumstances beyond the control or responsibility of the Manager or the Company, including catastrophic, war, floods, mudslides and other acts of God, prevent or make unduly burdensome the withdrawal request, as determined in any instance the sole and absolute discretion of the Manager. Notice of any suspension will be given within five (5) business days from the time a decision is made to suspend distributions to any PRU Holder who has submitted a withdrawal request and to whom full payment for such PRU Holder's withdrawal request has not been remitted. If a redemption request is not rescinded by a PRU Holder following notification of a suspension, the withdrawal will be effected as soon as reasonably practicable following the cessation of the cause of such suspension.

The redemption value of the PRUs subject to the withdrawal request shall be the initial value of such PRU at the time of purchase by such PRU Holder.

4.10 Redemption. Unless otherwise agreed to by and between the Company and a PRU Holder, the Company may redeem the Preferred Return Units at any time, in whole or in part, by paying the PRU Holder the cumulative amount of any Preferred Return Payments then due and outstanding, plus all Unrecovered Capital Contribution Amount of such PRU. If not redeemed prior to any liquidation

event, the Preferred Return Unit(s) shall be completely redeemed on the liquidation of the Company in accordance with **Article 14** hereof. Any certificates for the PRUs, if certificates have been issued, which is not required under this Agreement of the laws of the State of Louisiana, to be redeemed shall be surrendered to Company at its principal office before payment of the redemption price shall be transmitted. Upon payment of the redemption price, all rights associated with the redeemed PRUs will expire and the PRU Holder shall no longer be entitled to any distributions in respect thereof.

4.11 Required Minimum Unrecovered Capital Contribution Amount. A PRU Holder shall at all times maintain a minimum Unrecovered Capital Contribution Amount balance of \$20,000. In the event that a PRU Holder's Unrecovered Capital Contribution Amount balance falls below \$20,000 for whatever reason, including as a result of voluntary withdrawals or redemptions, such PRU Holder shall have five (5) business days to purchase such additional PRUs to increase such PRU Holder's Unrecovered Capital Contribution Amount balance to \$20,000 or greater. If following such five (5) day period such PRU Holder's Unrecovered Capital Contribution Amount balance remains below \$20,000, the Company may, in its sole discretion, redeem any remaining PRUs held of record by such PRU Holder and remit the cash amount of such redeemed PRUs to the PRU Holder.

4.12 Tax Treatment. The Preferred Return Payments made pursuant to this **Article 4** are intended by the parties to be treated as interest payments for purposes of the Code, pursuant to which the Company will deduct the Preferred Return Payments when made and the PRU Holder will include such amount as ordinary income when received. The Company and each PRU Holder agree not to take any position inconsistent with the treatment of the Preferred Return Payments as interest under the Code.

4.13 Return of Capital. Neither a Member nor any Director shall be personally liable for the return of the Capital Contributions of any PRU Holder, or any portion thereof, and it is expressly understood that any such return of Capital Contributions shall be made solely from the assets of the Company. No PRU Holder shall have any right to demand or receive property (other than cash) in return of his/her/its Capital Contributions except as may be specifically provided by and in accordance with the Act to the extent not inconsistent with this Agreement.

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ARTICLE 6 DISTRIBUTIONS

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6.2 Distributions of Net Cash from Operations. Net Cash from Operations shall be distributed if and when declared by the Board of Directors in their sole and absolute discretion, as follows:

- (a) first, to the PRU Holders in proportion to their respective PRU Percentages until each PRU Holder has received an amount equal to her, his or its cumulative Preferred Return; and
- (b) second, to the Class A Members in proportion to their respective Class A Unit Percentages.

6.3 PRU Holder Reinvestment of Distributions. If an when declared by the Manager, PRU Holders will have the option to either receive Preferred Return Payments as regular cash income distributions or have such Preferred Return Payments reinvested in additional PRUs. PRU Holders will designate their individual preference in accordance with instructions provided by the Company from time to time.

RISK FACTORS

Risks Inherent in Real Estate Assets. Any funds invested by Aegis in real estate and real estate related assets are subject to various market risks, which may result in losses if market values of investments decline. Although the PRUs are guaranteed return securities, Aegis, as an investor in real estate and real estate related assets, is subject to risks that affect real estate investments in general that may ultimately affect the availability of products that Aegis utilizes to secure investors' guaranteed returns, including:

- The potential loss of principal;
- Changes in real estate values, property taxes, interest rates, cash flow of underlying real estate assets, supply and demand, and the management skill and credit worthiness of the management team;
- Price volatility and other risks associated with non-diversification; and
- Economic factors, market conditions and investment strategies that may affect the performance of Aegis's real estate portfolio.

General Unsecured Obligations. The PRUs are general obligations of Aegis, a Louisiana limited liability company formed December 3, 2014. The PRUs are unsecured and are not insured. Investors must rely solely upon the financial condition of Aegis and the availability of the various investor protections established by Aegis for repayment of any amounts invested in the PRUs. See "**How is my investment protected?**" on page 7 hereinabove.

No Rights as a Member. Investors in PRUs are not members of Aegis, do not share in profits and losses of Aegis, and have a zero percentage interest in Aegis and its assets.

Future Obligations. Aegis reserves the right to issue future obligations or obtain lines of credit secured by a first lien on its assets without the consent of or notice to PRU holders.

No Public Market. No public market exists for the PRUs and none will develop.

Future Changes in Federal or State Laws. Changes in federal laws or the laws of the various states in which Aegis offers its PRUs may make it more difficult or costly for Aegis to offer and sell PRUs in the future.

PRU Repayment Ability. Aegis uses invested funds, and may use proceeds from the sale of new PRUs on a cash-flow basis, to redeem PRUs and to pay guaranteed returns and to investors of PRUs (see "**Use of Proceeds**" on page 6 hereinabove). Future market conditions could affect Aegis's ability to redeem PRUs and/or pay guaranteed returns on the PRUs.

Geographic Concentration of Real Estate Assets. There are risks related to geographic concentration of real estate assets within a limited region, such that changes in economic conditions of that region could affect the value of Aegis's real estate portfolio thereby impacting Aegis's ability to service its senior credit lines and/or secure the protective products that back the redemption of the PRUs and the payment of the guaranteed returns.

Other Investment Opportunities. Other investment opportunities may yield a higher rate of return with less risk than the PRUs. This may adversely affect future sales of the PRUs.

Minimum Balances Required. Investors are required to maintain minimum investment amounts of Aegis PRUs. If the amount invested in PRUs falls below such minimum amount, Aegis may redeem the investor's PRUs. See "Is there a minimum required balance?" on page 7 hereinabove.

Ability to Redeem PRUs. Aegis may redeem the PRUs at any time, in whole or in part, by paying the investor the cumulative amount of any guaranteed returns plus any unreturned originally invested amount. Upon redemption, all rights associated with the redeemed PRUs will expire and the investor shall no longer be entitled to any distributions in respect thereof. (See the Aegis Operating Agreement for a full description of the redemption rights of Aegis).

Limitation on Transferability. The PRUs are non-negotiable and may be transferred only upon Aegis's written consent.

No Registration: Limited Governmental Review. This Offering has not been registered with, or reviewed by, the U.S. Securities and Exchange Commission or any State agency or regulatory body, nor is registration contemplated at any time in the foreseeable future.

MANAGEMENT

Organizational Structure

Aegis Financial LLC is a limited liability company organized in the State of Louisiana on December 3, 2014. The Company is a manager managed LLC in accordance with the Louisiana Limited Liability Company Act, LA R.S. 12:1301 *et seq.* The company has one (1) class of Members: Class A Members.

Directors and Officers

Aegis is currently managed by a Board of Directors, which has full power to conduct, manage, and direct the business affairs of the company. The Board of Directors currently consists of one director. The number of directors may be increased from time to time by the affirmative vote or consent of holders of a majority of the membership interests in the company

Officers of the company are elected by the Board of Directors. The following persons presently serve as the members of the Board of Directors, and/or as officers, as designated:

William Moon - Mr. Moon is the founder of Aegis. He currently serves as the company's sole director. He is also Aegis's Chief Executive Officer and, as such, is responsible for the overall operations of the company. With over 22 years of real estate experience in the acquisition and management of residential, commercial, and multi-family properties, Mr. Moon brings a well-rounded component that helps make Aegis a successful and thriving business. In addition to Aegis, Mr. Moon is the owner of a successful engineering business specializing in servicing the building materials industry. Mr. Moon has over 25 years of experience in the management, organizational, and financial aspects of the building and equipment expansions and modifications for this industry. Mr. Moon graduated with honors from Louisiana Tech University with a B.S. in Electrical Engineering and is proud to be a US army veteran with service in Desert Storm. In his spare time, he enjoys spending time with his wife and two children.

Jamie Walsworth - Mr. Walsworth is Director of Acquisitions and Investor Relations for Aegis. Mr. Walsworth is responsible for identifying and analyzing asset acquisition opportunities, as well as assisting with development opportunities including market analysis, budget creation, project scope, and return on investment modeling. In his role with Aegis, Mr. Walsworth also manages existing relationships with high net worth clients and provides support for new investors. Prior to joining Aegis, Mr. Walsworth served for 10 years as Customer Operations Manager for Tenmast Software, a software solutions provider for the affordable housing industry. There he led a support staff of up to 20 members and collaborated with other executive team members to help transform the company into a high growth organization. In 2009, Mr. Walsworth began pursuing his interest in real estate with the formation of a partnership and the purchase of his first single family residence. Since then he has helped acquire over \$4 million in single family, multi-family, and commercial properties. Mr. Walsworth enjoys being actively involved in the daily operations of property ownership and management. Mr. Walsworth holds a B.S. degree in Finance from Louisiana Tech University. In his spare time, he enjoys spending time with his wife and three children.