

# EGI Financial, Inc.

## Registered Investment Advisor

*This brochure outlines the services of EGI Financial, Inc. and includes **Form ADV**- important regulatory disclosures.*

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- Advisory Contract
- Client Profile Questionnaire

**EGI FINANCIAL, INC.**  
**655 W MARKET ST**  
**AKRON, OHIO 44303**

[www.EGIFinancial.com](http://www.EGIFinancial.com)

This brochure includes all information and disclosures from EGI Financial, Inc's Form ADV Part II, as on file with the SEC and the Ohio Division of Securities.

# EGI Financial, Inc.

## Who We Are

***EGI Financial, Inc.***

655 West Market Street  
Akron, Ohio 44303

Website: [www.EGIFinancial.com](http://www.EGIFinancial.com)

Phone: 330-535-0881

Fax: 330-535-0884

Email: [egi@egifinancial.com](mailto:egi@egifinancial.com)

EGI Financial, Inc. is an Ohio corporation established in 1992 as an investment advisory business. EGI Financial, Inc. is registered with the SEC and the state of Ohio and regulated by the state of Ohio as a ***Registered Investment Advisory Firm***.

EGI Financial Inc. provides investment advisory services to individuals, small businesses, retirement plans, trusts, estates, and charitable organizations. We develop investment programs suited to each individual client's needs. We establish and manage portfolios consisting of publicly traded securities; including equities (stocks), government, corporate and municipal debt, certificates of deposit, investment company securities (mutual funds), and options. Portfolios are individually managed on a discretionary basis dependent on the clients' objectives and risk parameters as identified in their ***Investment Policy***.

We are a "fee-only" advisor; meaning we charge a fee for investment advice based on assets under management. We do not charge commissions or receive compensation other than fully disclosed fees. See the attached Form ADV part II Disclosure page for additional information on advisory fees.

EGI Financial's Inc. primary business is to provide investment advice through money management services. EGI will occasionally provide basic financial planning assistance as a component of our money management services. When in-depth financial planning services are requested by clients, EGI may charge additional hourly fees. EGI is also licensed as an insurance agency in the state of Ohio and sells insurance products on an occasional basis to clients outside of our investment advisory business. EGI does not specialize in, or focus on, either insurance or financial planning.

## **EGI Financial, Inc. Investment Advisors**

Following are Investment Advisor Representatives (IAR) who manage money on a discretionary basis for EGI Financial, Inc. clients. The minimum educational requirement for Investment Advisors is to hold a FINRA (Financial Industry Regulatory Authority) General Securities License (Series 7) and a Uniform Combined State Law Examination (Series 66)

**Edgar G. (Ted) Ingraham:** President, Principal and IAR of EGI Financial, Inc. since 1992. Business background: April 1992 to present: Owner and President of EGI Financial, Inc. and American Heritage Securities, Inc., a FINRA member broker/dealer. From 1981 to 1992, Financial Consultant, Merrill Lynch Pierce, Fenner and Smith. Education: B.S./Finance, The Ohio State University, 1969. DOB: September 1946. Allocation of time is 50% to American Heritage Securities and 50% to EGI Financial, Inc

**Michael D. Prescott:** IAR with EGI Financial, Inc. since September 2002. Business background: September 2002 to present: Registered Representative (RR) at American Heritage Securities, Inc., a FINRA member broker/dealer and IAR at EGI Financial, Inc. From 2000 to 2002: RR at UBS Paine Webber, Inc. Owner of unrelated non-financial business from 1980 to present. Education: BBA/Finance, University of Akron, 2000. Attended University of Wisconsin. DOB: October 1950. Allocation of time is 5% to American Heritage Securities and 95% to providing investment advisory services through EGI Financial, Inc.

**Brian K. Weinreich:** IAR with EGI Financial, Inc. since May 2009. Business background: May 2009 to present: Registered Representative (RR) at American Heritage Securities, Inc., a FINRA member broker/dealer, and IAR at EGI Financial, Inc. From September 2000 to May 2009: RR at Merrill Lynch Pierce, Fenner and Smith. Education: B.A./ General Studies, Kent State University, 1997. DOB: September 1973. Allocation of time is 50% to American Heritage Securities and 50% to providing investment advisory services through EGI Financial, Inc.

**James A. Wynne:** IAR with EGI Financial, Inc. since July 2009. Business background: July 2009 to present: Registered Representative (RR) at American Heritage Securities, Inc., a FINRA member broker/dealer and IAR at EGI Financial, Inc. From January 2000 to July 2009: RR at Merrill Lynch Pierce, Fenner and Smith. Education: B.S./B.A, Accounting, The Ohio State University, 1990, Professional Designations: Certified Public Accountant, inactive. DOB: October 1964. Allocation of time is 50% to American Heritage Securities and 50% to providing investment advisory services through EGI Financial, Inc.

# EGI Financial, Inc.

## Philosophy

**The primary guiding principal at EGI Financial, Inc. is *integrity*.** We seek to achieve the highest level of fairness, honesty and ethics in our business conduct and dealings with clients, fellow employees and the public. We accept the fiduciary responsibility of always acting in the best interests of clients. EGI Financial has adopted a Code of Ethics which is available upon request.

**Money Management Philosophy:** Our approach to portfolio management is guided by three primary principles.

**Suitability:** Suitability is the characteristic that determines if an investment is appropriate for a given investor. Investments must have reasonable risk and reward characteristics *relative to the objectives of the client*.

**Diversification:** The most effective investment principal to reduce risk and achieve consistent returns is *diversification*. We diversify portfolios among asset classes, industries, market value, and a proprietary asset allocation model dependent on client objectives and risk parameters as well as market conditions.

**Proprietary Asset Allocation Model:** Our proprietary model identifies investments by “expectations” to help us design a diversified portfolio appropriate to each client’s risk and reward objectives.

**Creating Value:** We *create value* for clients by building and managing high quality investment plans appropriate for their particular needs which will achieve the their realistic objectives and provide minimal volatility and risk.

**Investment Philosophy:** *Quality, Value and Diversification* are the disciplines that guide our investment decisions.

Determining investment *quality* is a multi-faceted process. We use extensive fundamental analysis along with a thorough study of a company’s business strategy and management to select stocks worthy of investment for our clients.

Growth companies can be *value* investments. Growth at an attractive price in relation to the rate, stability and reliability of growth equates to value. We look at past and projected cash flow, earnings, dividend yield, financial strength and stability. Value is found when the current stock price is lower than net present value of future cash flows generated from the company.

While Quality and Value are critical, we strongly emphasize *Diversification*. Diversification is a principle of both our Money Management Philosophy and Investment Philosophy. By prudently investing among various investment styles, we reduce risk and enhance the long-term performance of client portfolios.

**Communication and Education:** At EGI Financial, Inc. we believe that full disclosure and frequent communication are mandatory for a quality relationship with clients. In the course of our relationship we strive to understand clients’ needs and concerns while providing full explanation of the strategies and values guiding our investment decisions.

# EGI Financial, Inc.

## Investment Plan Introduction

This section describes the *process* EGI Financial, Inc. uses to develop an Investment Plan for advisory clients. We use three steps in establishing and managing our investment programs:

- 1. Investment Policy Statement**
- 2. Asset Allocation & Market Outlook**
- 3. Investment Portfolio**

The **Investment Policy Statement** identifies the objectives of the plan and is the long-term guide to how the client's investment funds will be put to work. It begins with a *profile* of the client's personal and financial situation which identifies financial goals and objectives, risk tolerance and other preferences clients may have regarding investments. Based on this profile, we identify the general principles and rules to guide the investment program—the *Investment Policy Statement*. This is our long-term guide. It is reviewed periodically to determine if changes are required.

The second step is the **Asset Allocation & Market Outlook**. To identify a client's specific Asset Allocation, we first summarize the current market outlook. We then translate that outlook into investment opportunities by identifying a specific *Asset Allocation* appropriate for the client's objectives and risk parameter as identified in the Investment Policy Statement. Changes in the markets *or* client objectives affect the Asset Allocation. It is reviewed quarterly, but revisions are made as needed, on an ongoing basis.

Based on the client's Investment Policy, current market strategies, and the Asset Allocation, we create the **Investment Portfolio**. Investment Plans include a "Recommended Investment Portfolio" and the investments recommended are effected as market conditions permit. While the recommended portfolio is part of the original Investment Plan, other investments will eventually be added to the portfolio and some "recommended" investments may never be purchased. EGI Financial, Inc. uses *discretion* (i.e. makes transactions without first obtaining client approval) in managing investments. Thus, clients normally are not advised of specific investment decisions until after the transaction is completed. However, we endeavor to keep clients involved in the investment process. They are encouraged to provide input on any investment ideas they have.

A huge initial effort goes into formulating and implementing an investment plan, but a complete plan is a long and continual building process. Investment plans and the related investment strategies evolve over a period of years.

Clients receive monthly brokerage statements from the custodian, **TD Ameritrade**. They also have online access to accounts through TD Ameritrade. Quarterly, EGI Financial provides a complete progress report, including a performance review and review of plan progress. Additional reports or information may be provided as appropriate. Clients are encouraged to voice any comments, suggestions or concerns they may have at any time

# Understanding the Advisory Relationship

## ***The Difference Between Registered Investment Advisor and Traditional Broker Relationships***

A Registered Investment Advisor relationship is the *most professional* and one of the most efficient approaches to managing investments. The advisor works with the client as a *partner* in the investment process. The advisor must act as a fiduciary—meaning the advisor must act in the best interest of the client. The advisor is responsible for establishing and managing an investment portfolio for *maximum returns based on the client's risk characteristics and objectives*.

### **How it Works:**

The advisor and the client work together to develop an **Investment Plan**.

The plan begins by identifying the client, their financial goals and objectives and then develops an **Investment Policy Statement**—the overall guide to the investment process.

The advisor develops an **Asset Allocation**, based upon the client's Investment Policy and the current outlook and conditions in the financial markets.

The advisor establishes the investments and manages the portfolio in accordance with the Investment Policy and the strategy agreed upon by the client.

The advisor and client formally review the investment results on a regular basis (usually quarterly) to determine the success of the program and make any needed adjustments.

The relationship is based on *transparency*. All fees and charges are fully disclosed. The advisor does not charge commissions on transactions and does not receive any compensation relating to transactions or investments in the account. Compensation to the advisor is an *advisory fee*, assessed on the amount invested. The advisor must always act in the best interests of the client.

### **Advantages Over Traditional Broker/Client Relationship:**

The Registered Investment Advisor works purely as a *partner* with the client rather than as a distributor, marketer, or salesman.

The potential for conflicts of interest is eliminated. Both the client and advisor can be comfortable with a proactive approach to implementing the investment strategy without questions of impropriety.

The client and the advisor have the same goal; to increase the value of the client's investments *within the risk and reward parameters established in the plan*.

The client is relieved of specific decision-making once the investment plan is established.

The emphasis on quarterly reviews results in frequent in-depth analysis of the investment strategy, overall plan progress, and investment performance.

# EGI Financial, Inc. Form ADV

On file with the Ohio Division of Securities and the Securities Exchange Commission

## Part 2A of Form ADV: Firm Brochure and Supplement

### Item 1 Cover Page

**EGI FINANCIAL, INC.**  
**Investment Advisory Firm**  
**FIRM BROCHURE AND SUPPLEMENT**  
**March 25, 2011**

This *Brochure* fulfills requirements of SEC Form ADV, Part 2A.

This *Brochure* is a description of **EGI Financial, Inc.** (EGI) and its investment advisory business. It discloses all material information about the Firm and its business, it identifies any material changes in the Firm's business since the last ADV part II filing and it discloses any real or potential conflicts of interest that may exist in our business.

This brochure provides information about the qualifications and business practices of EGI Financial, Inc.. If you have questions about the contents of this brochure, please contact us at 330-535-0881. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Additional information about EGI Financial, Inc. is available on the SEC website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Reference to EGI Financial, Inc. as a "Registered Investment Adviser" or other use of the word "registered" does not imply a certain level of skill or training.

### Identifying Information for EGI Financial, Inc.

The Principal Office, Place of Business and Mailing Address:  
655 WEST MARKET STREET  
AKRON, OH 44303

Telephone 330-535-0881  
Fax Number 330-535-0884  
Business Hours 9:00 AM TO 5:00 PM , Monday through Friday except holidays  
Web Addresses [www.EGIFinancial.com](http://www.EGIFinancial.com)

### Contact Information

Contact Name Edgar G. Ingraham  
Contact Title President  
Contact Phone 330-535-0881  
Contact E-Mail [egi@egifinancial.com](mailto:egi@egifinancial.com)

### Item 2 Material Changes

There have been no material changes to EGI Financial, Inc. since our last ADV Part II filing on March 30, 2010.

### Item 3 Table of Contents

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

##### **Following is a description of our Advisory Business and Services Offered**

EGI Financial, Inc. is an Ohio corporation established in 1992 as an investment advisory business. EGI Financial, Inc. is registered with the SEC and the state of Ohio and regulated by the SEC as a **Registered Investment Advisory Firm**. EGI Financial, Inc. principal owner(s) (defined as 25% or more ownership) include Edgar G. Ingraham who is also President and Chief Compliance Officer.

EGI Financial, Inc. is affiliated with **American Heritage Securities, Inc.**, (AHS) a FINRA member broker-dealer. This affiliation is based upon both companies being principally owned by Edgar G. Ingraham and the companies share office space and share employees. A conflict of interest could occur if a client of EGI Financial, Inc. is advised to transact securities business which generates income to American Heritage Securities, Inc. Separation of the two businesses is maintained to prevent conflicts of interest. In the event that any commission or other compensation is received by American Heritage Securities, Inc. related to a security transaction for a client of EGI Financial, Inc., such commission or compensation and the potential conflict of interest shall be fully disclosed to the client prior to completion of the transaction.

EGI Financial Inc. provides investment advisory services, or more specifically **Money Management Services**, to individuals, businesses, retirement plans, trusts, estates, and charitable organizations. Investment programs are developed to meet each client's specific needs. Investment portfolios consist of publicly traded securities; including equities (stocks), government, corporate and municipal debt, certificates of deposit, investment company securities (mutual funds), and options. As of March 23, 2011 EGI Financial, Inc. had \$47,711,900 in assets under management, 100% on a discretionary basis. Portfolios are individually managed dependent on the client's objective and risk parameters as identified in their **Investment Policy**. Clients may provide investment input or impose restrictions on investing in certain securities or types of securities.

## **Item 5 Fees and Compensation**

EGI Financial, Inc. is a “fee-only” investment advisory business; meaning fees for investment advice are based on assets under management. EGI does not charge commissions or receive compensation other than fully disclosed fees.

Fees are assessed quarterly, billed in advance and based on assets under management at the beginning of the quarter. Standard annual rates are:

1.25% on the first \$100,000, plus  
1.00% from \$100,001 to \$250,000, plus  
0.80% from \$250,001 to \$500,000, plus  
0.50% on amounts over \$500,000.

Fees are negotiable. The minimum annual fee is \$600.00 or \$150 per quarter. Minimum account size is \$250,000. The client or EGI Financial may terminate service at any time and fees will be refunded on a pro-rata basis. Clients have the choice of having their advisory fee deducted from their investment account or paying them directly.

Clients may incur brokerage, transaction or custodial fees from the custodian holding their account. EGI Financial, Inc. does not participate in such fees but will act in the clients best interests to minimize such fees when possible.

EGI Financial’s Inc. primary business is to provide investment advice through Money Management Services. On an occasional basis, EGI Financial, Inc. may provide additional services for clients which are not associated with Money Management Services such as Financial Planning, Portfolio Review (of outside assets), Insurance Review or Budgeting, etc.. Such services may be billed at an hourly rate, not to exceed \$250 per hour. EGI is also licensed as an insurance agency in the state of Ohio and sells insurance products on an occasional basis separate from the investment advisory business. EGI does not specialize in, or focus on, either insurance or financial planning.

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

EGI Financial Inc. does not charge or accept Performance-Based Fees and/or Side-By-Side Management Fees. Performance-Based refers to fees related to gains or returns. Side-By Side refers to charging an hourly fee, a flat fee or other fee in addition to charging an asset based management fee.

## **Item 7 Types of Clients**

See Item 4, Advisory Business, for a description of types of Clients EGI Financial, Inc. serves.  
See Item 5, Fees and Compensation for explanation of minimum account size accepted.

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

Client assets are invested primarily in domestic and international equities (stocks), fixed income (debt instruments or bonds), money markets (money funds and short-term fixed income instruments). To a lesser extent, assets may be invested in commodities, master limited partnerships (MLP's), Real Estate Investment Trusts (REIT's), or options. Investments in commodities are made only through Exchange Trades Funds (ETF's) or mutual funds. All investments are in publicly traded securities which normally have published market values. All investments are subject to risk of loss of principal and fluctuation of market value. EGI attempts to limit risk through fundamental analysis and diversification.

Following are the general methods of analysis and investment strategies EGI Financial, Inc. uses to formulate investment advice and manage assets.

**Money Management Philosophy:** Our approach to portfolio management is guided by three primary principles.

**Suitability:** Suitability is the characteristic that determines if an investment is appropriate for a given investor. Investments must have reasonable risk and reward characteristics *relative to the objectives of the client*.

**Diversification:** The most effective investment principal to reduce risk and achieve consistent returns is *diversification*. Portfolios are diversified among asset classes, industries and market capitalization using a proprietary asset allocation model dependent on client objectives and risk parameters as well as market conditions.

**Proprietary Asset Allocation Model:** Our proprietary model identifies investments by "expectations" to help EGI design a diversified portfolio appropriate to each client's risk parameters and reward objectives.

**Investment Philosophy:** *Quality, Value, Diversification and a Long-Term Outlook* are the disciplines that guide our investment decisions.

*Quality* is a multi-faceted characteristic. EGI uses fundamental analysis along with a thorough study of a company's business strategy and management to evaluate Quality in investment opportunities.

Growth companies can be *value* investments. Growth at an attractive price in relation to the rate, stability and reliability of growth equates to value. EGI considers past and projected cash flow, earnings, dividend yield, financial strength and stability. Value is found when the current stock price is lower than net present value of future cash flows generated from the company.

While Quality and Value are critical, we strongly emphasize *Diversification and a Long-Term Outlook*. Diversification is a principle of both our Money Management Philosophy and Investment Philosophy. By prudently investing among various investment styles, we reduce risk and enhance the long-term performance of client portfolios. Investments are typically held a minimum of three years.

## Item 9 Disciplinary Information

EGI Financial, Inc. or its Investment Advisor representatives (IAR's) have no material Disciplinary or Disclosure Information. Public information on the Firm and its IAR's is available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) as well as FINRA's (The Financial Industry Regulatory Authority) Broker Check website: <http://www.finra.org/BrokerCheck/>

## Item 10 Other Financial Industry Activities and Affiliations

All Investment Advisor representatives (IAR's) of EGI Financial, Inc. are licensed registered representatives (Series & licensed) with FINRA (The Financial Industry Regulatory Authority) and employees of American Heritage Securities, Inc. See Item 4, Advisory Business for a description of EGI Financial, Inc. affiliation with American Heritage Securities, Inc., a FINRA broker/dealer. Other than American Heritage Securities, Inc., EGI Financial, Inc. has no material affiliations with other financial industry organizations or financial professionals.

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

EGI Financial has adopted a Code of Ethics that sets forth governing ethical standards and principles for the firm and its employees and describes the Company's policies regarding the protection of confidential information, including client nonpublic personal information, review of the personal securities accounts of certain personnel of the Company for evidence of manipulative trading, trading ahead of clients, and/or insider trading.

EGI Financial's primary guiding policy is *integrity*. The firm strives to maintain the highest ethical standards in all interaction with the public, its clients, and employees. Specific ethics guidelines are:

- No employee is to engage in any activity that is not in the best interests of clients or may have the appearance of not being in the best interest of clients.
- Client information is strictly confidential. Personal and financial information will not be disclosed except as required to perform authorized business activity. Any other disclosure of client information will only be upon specific request by the client.
- Client records will be maintained securely, retained as required and properly destroyed when no longer required.
- Investment recommendations and portfolio management will be based upon the client's Investment Policy, which reflects the client's financial situation, investment objectives and risk parameters.
- EGI Financial Inc. or its employees will not trade ahead of client accounts. Should EGI or its employees trade the same security as being traded for a client the client's order will be placed and filled first or the EGI related trade may be included in "block" orders done for groups of clients, as long the size of the transaction is not significant enough to affect the transaction.
- All block orders (with or without employee transactions) must be distributed at the "average price" obtained for the block trade. Block orders must be allocated on day of the order execution.

This is a Summary of the Code of Ethics of EGI Financial, Inc. The complete Code of Ethics Policy is available upon request to EGI Financial, Inc. at 655 W Market Street, Akron, OH 44303, Phone 330-535-0881, Email [egi@egifinancial.com](mailto:egi@egifinancial.com).

## **Item 12 Brokerage Practices**

EGI Financial, Inc. recommends clients use TD Ameritrade as the third party broker/dealer custodian for accounts managed by our firm, however, clients may use another custodian acceptable to EGI Financial, Inc. EGI Financial, Inc. has a non-affiliated, non-compensation arrangement with TD Ameritrade as a result of having client accounts custodiated with TD Ameritrade. No compensation is received by either TD Ameritrade or EGI Financial, Inc. as a result of this referral relationship. TD Ameritrade benefits from this relationship in that they receive standard institutional brokerage commissions and other fees as a result of the clients' brokerage activities. EGI Financial, Inc. benefits from this relationship through services provided by TD Ameritrade to enable account management, trading and access to non-proprietary research including Thomson Reuters Stock Reports, Standard & Poor's Stock Reports, Vickers Insider Trading Chronologies, Argus Company Reports, The Street Ratings Reports and Jaywalk Consensus Reports. This research is not a "soft-dollar arrangement."

EGI Financial, Inc. recommends clients use TD Ameritrade as custodian due to their size, financial security and national reputation as well as low and competitive brokerage commissions and the benefits EGI Financial, Inc. receives, as discussed above. EGI Financial, Inc. does not receive client referrals from TD Ameritrade.

## **Item 13 Review of Accounts**

Client portfolios are reviewed a minimum of once per month by the Investment Advisor Representative (IAR) assigned to the account. Reviews consist of an analysis of investment fundamentals, investment performance and portfolio allocation compared to the portfolio's objectives. Securities prices are reviewed a minimum of

once per week to monitor for unusual price activity. Investment Advisor Representatives are: Edgar G. Ingraham, Michael D. Prescott, Brain K. Weinreich, James A Wynne.

Quarterly, EGI Financial provides a written progress report to the client including the following account reports: Allocation Review, Portfolio Allocation and Three-Year Performance History (once history is available). Additional reports or information are provided as appropriate. Additionally, clients receive monthly brokerage statements from the custodian broker/dealer. TD Ameritrade provides clients with online access to their accounts.

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

EGI Financial, Inc. does not have referral or other compensation arrangements with outside parties.

#### **Item 15 Custody**

EGI Financial, Inc. does not have custody of client assets based on SEC Rule 206(4)-2 under the Advisors Act. All client funds or securities are held with an independent “qualified” custodian who sends quarterly, or more frequent, account statements directly to the client. Clients should carefully review statements received from the custodian and compare them with any report or statement received directly from EGI Financial, Inc. or its representatives.

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

EGI Financial, Inc. manages client portfolios on discretionary basis, meaning we buy and sell securities on the client’s behalf without prior consent by the client. EGI’s discretionary management is dependent on the clients’ objectives and risk parameters as identified in their *Investment Policy*. Clients provide EGI Financial, Inc. with the authority to manage their portfolios on a discretionary basis by signing a limited Power of Attorney with the qualified custodian holding the client’s account and through signing an Investment Advisory Contract with EGI Financial, Inc.. Clients may provide investment input or impose restrictions on investing in certain securities or types of securities.

#### **Item 17 Voting Client Securities**

EGI Financial, Inc. does not have authority to vote client securities. Clients receive proxies or other solicitations directly from the custodian or a transfer agent and must vote themselves. Clients are encouraged to contact their IAR with questions about voting their securities.

#### **Item 18 Financial Information**

EGI Financial, Inc. is not required to disclose a balance sheet based on prepaid fee rules. EGI Financial, Inc. does have contractual agreements with clients permitting discretionary managing of client assets and no financial condition exists that is reasonably likely to impair EGI’s ability to meet its contractual commitments to clients.

#### **Item 19 Requirements for State-Registered Advisers**

Following describes the formal education and business background of the principal executive officers and management persons of EGI Financial, Inc. and required supplement information about supervised employees. The business address and phone number of all supervised personnel is the same as the company information in Item 1, above. The date of this supplemental information is March 25, 2011.

**Edgar G. Ingraham:** President, Chief Compliance Officer, Investment Advisor Representative since September 1992. Education: B.S./Finance, Ohio State University. Background: President of American Heritage Securities, Inc. since April 1992.

**Michael D. Prescott:** Investment Advisor Representative since August 2002. Education: B.B.A./Finance, University of Akron, 2000. Attended University of Wisconsin. Background: Registered Representative at American Heritage Securities, Inc. since August 2002.

**Brian K. Weinreich:** Investment Advisor Representative since May 2009. Education: B.A./General Studies, Kent State University, 1997. Background: January 1999 to May 2009, Registered Representative at national brokerage firm. May 2009 to present, Registered Representative at American Heritage Securities, Inc. since May 2009.

**James A. Wynne:** Investment Advisor Representative since July 2009. Education: B.S/B.A. Accounting, The Ohio State University. Professional Designations: Certified Public Accountant (inactive). Background: January 2000 to July 2009, Registered Representative at national brokerage firm. Registered Representative at American Heritage Securities, Inc. since July 2009.

The principal executive officers and management persons of EGI Financial, Inc. are affiliated with American Heritage Securities, Inc., as discussed in Items 4 and 10, above. As a group, the officers and managers of EGI allocate approximately 60% of their time to EGI activities and 40% of their time to AHS activities.

Edgar G. Ingraham, Chief Compliance Officer, 330-535-0881, supervises activity of EGI's IAR's by reviewing investment allocations relative to client objectives and monitoring investment activity.

**EGI Financial, Inc.  
655 West Market Street  
Akron, Ohio 4303**

## **INVESTMENT ADVISORY AGREEMENT**

This INVESTMENT ADVISORY AGREEMENT ("Agreement"), dated below, is between **EGI Financial, Inc.** ("EGI"), an Ohio Corporation, and \_\_\_\_\_ ("Client").

### **SERVICES PROVIDED**

Subject to the terms and conditions of the Agreement, the Client appoints EGI as its investment advisor, and EGI agrees to serve as investment advisor for the Client with respect to the securities and other assets contained in the Client's investment portfolio (the "Portfolio").

EGI's investment advisory services have been previously discussed with the Client, and the Client understands that EGI will supervise and oversee all securities and other assets allocated by the Client to the Portfolio on the basis of, and in accordance with, the Client's *Investment Policy*. Investment portfolios will be managed by EGI on a discretionary basis, in a manner consistent with the client's Investment Policy.

Recommendations and instructions of EGI with respect to purchases, sales or exchanges, and the timing, frequency and method of execution of such transactions, are based upon information which EGI believes to be reliable, but whose accuracy is not and cannot be guaranteed by EGI.

The Client will receive a quarterly portfolio progress report from EGI reviewing transactions effected, the status of the securities and other assets in the Portfolio, and results of EGI's investment advice. An EGI representative will be available to meet with the Client to review the Portfolio and to compare and discuss its performance relative to the Investment Policy.

### **CUSTODIAL SERVICES**

The Client shall designate a broker, bank or any other appropriate third party as custodian to receive, deliver and hold each and every security, or to accept or transmit funds that are required to complete transactions contemplated herein. In absence of a specific request by the Client, EGI will use TD Ameritrade Institutional Investments as custodian.

## **FEES**

As payment for the investment advisory services to be rendered by EGI to the Client, EGI shall receive a fee based upon assets under management. Such fee will be calculated based on the beginning asset balance each quarter and based upon the following rates, stated annually, calculated quarterly:

\_\_\_\_\_ % on the first \$100,000, plus  
\_\_\_\_\_ % from \$100,001 to \$250,000, plus  
\_\_\_\_\_ % from \$250,001 to \$500,000, plus  
\_\_\_\_\_ % on amounts over \$500,000.

The minimum annual fee is \$600.00 or \$150 per quarter. Minimum account size is \$250,000. Fees are negotiable. Fees are due and payable upon the beginning of service and at the beginning of each quarter thereafter. Any securities or other non-cash assets in the Client's Portfolio shall, for purposes of determining compensation to EGI, will be valued at market value, or in the absence of a market value, at fair market value as determined in good faith by EGI. Fees may be billed and paid independently of the investment portfolio, or they may be billed directly to the custodian and withdrawn from the investment fund.

## **REGISTERED INVESTMENT ADVISOR REGISTRATION**

EGI Financial, Inc. is registered with the Ohio Department of Commerce, Division of Securities, as a Registered Investment Advisor. In accordance with the Investment Advisors Act of 1940, no assignment of the Agreement can be made by either party without the prior consent of the other party.

## **TERM OF AGREEMENT**

This Agreement shall remain in full force and effect for a period of one year, and shall be renewed automatically for successive one-year terms thereafter. However, this Agreement may be cancelled by either party at any time upon thirty (30) days written notice to the other party at its designated address. If the Agreement is cancelled prior to the end of the calendar quarter, the unearned portion of the quarterly fee shall be returned to the Client. This Agreement is the entire understanding between the Client and EGI with respect to its subject matter, and no modification or waiver of any provision hereof shall be valid unless made in writing and signed by EGI and the Client.

## **ADDITIONS OR WITHDRAWALS**

The Client shall promptly notify EGI, verbally or in writing, of any additions made to, or any withdrawals from, the investment fund.

## **CONFIDENTIAL COMMUNICATIONS**

The Client understands and agrees that any communication, verbal or written, from EGI is intended solely for the Client's use, is confidential and may be suitable or appropriate only for the Client's Portfolio.

**GOVERNING LAW**

This Agreement shall be governed by and construed in accordance with the laws of the State of Ohio.

**SEC BROCHURE DISCLOSURE REQUIREMENT**

EGI will make available to the Client an updated ADV, Part II on an annual basis.

**CLIENT ACKNOWLEDGMENTS**

- |                                                                                                    |                                            |
|----------------------------------------------------------------------------------------------------|--------------------------------------------|
|                                                                                                    | <u>Client Acknowledgement</u><br>(initial) |
| • Client acknowledges receipt of EGI’s current ADV, Part II or equivalent disclosure brochure:     | _____                                      |
| • Client has completed the <b>Investor Profile</b> identifying his/her investment characteristics: | _____                                      |
| • Client reviewed and agrees with the <b>Investment Policy</b> established in the Investment Plan: | _____                                      |

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the later of the dates written below.

\_\_\_\_\_ Date: \_\_\_\_\_  
 Client 1 signature  
 Street address  
 City, state, zip

\_\_\_\_\_ Date: \_\_\_\_\_  
 Client 2 signature

Accepted for EGI Financial, Inc:

\_\_\_\_\_ Date: \_\_\_\_\_  
 Edgar G Ingraham  
 EGI FINANCIAL, INC.  
 655 West Market Street  
 Akron, Ohio 44303

# Confidential Investor Profile

Date: \_\_\_\_\_

Personal	Client	Spouse		
1. Name				
2. Birth date	<i>month</i> <i>day</i> <i>year</i>	<i>month</i> <i>day</i> <i>year</i>		
3. Social Security #				
4. Address				
5. Children/ Dependents	<i>name(s):</i>	<i>gender</i>	<i>D.O.B.</i>	<i>Educ. savings</i>

Employment	Client	Spouse		
1. Occupation/title				
2. Employer				
3. Years employed				

Retirement	Client	Spouse		
1. Desired retire age				
2. Estimate of Annual Retirement Benefits from:				
a. Social Security				
b. Employer Pension				
3. Retirement Assets:	<i>current balance</i>	<i>annual additions</i>	<i>current balance</i>	<i>annual additions</i>
401K's				
IRA's				
Annuities				
Other ( <i>identify</i> )				
4. Estimate of annual after-tax income you expect to need, as a couple, at retirement? (in today's dollars)				

Your Estate	Client	Spouse		
1. Do you have a will	<i>yes</i> <i>no</i>	<i>yes</i> <i>no</i>		
2. Do you have trusts	<i>yes</i> <i>no</i>	<i>yes</i> <i>no</i>		
3. Face Amount of Insurance Policies:				
amount of term ins.				
amount whole life				
4. Annual income survivor would need if other were to die now?	\$	\$		

# Confidential Investor Profile

## Assets & Debt

## Excluding Retirement Assets

	Current Value
<b>1. Personal Assets</b>	
Primary Residence	\$ _____
Mortgage or home equity loans	\$( _____ )
Secondary Residence ( <i>vacation home</i> )	\$ _____
Mortgage	\$( _____ )
Other Personal Property ( <i>auto, jewelry, etc.</i> )	\$ _____
Other Debt, Credit Cards, or Loans	\$( _____ )
<b>2. Cash and Cash Equivalents</b>	
Liquid checking/savings/CD's/etc.	\$ _____
<b>3. Securities</b> (Exclude retirement assets, include assets held in trusts)	
<i>Please attach account statements where possible, estimate totals below.</i>	
Total non-retirement investment accts	\$ _____
# of non-retirement accounts	_____
<b>4. Other Assets &amp; Debts</b>	
Net Other Real Estate	\$ _____
Net Value of Business Interests	\$ _____
Other Assets ( <i>please identify</i> )	\$ _____
Other Debt ( <i>not identified previously</i> )	\$( _____ )
Estimate of Future Inheritances	\$ _____

## Income

## Client

## Spouse

<b>1. Income Sources</b> ( <i>annual amounts - currently being received</i> )		
Salary & Bonus		
Net Self-Employment Inc.		
Pension & Soc Sec Inc.		
Interest & Dividend Inc		
Other income ( <i>source</i> )		
<b>2. How much will you save this year</b> ( <i>exclusive of retirement contributions</i> )? \$ _____		

## Objectives

## What do You Want Your Investments to Do for You?

Rate from 1 to 5 or n/a (not applicable) what you most want to achieve with your investment program: (1= most important)

- \_\_\_\_\_ Accumulate Nest Egg For Retirement (For Future Use)
- \_\_\_\_\_ Generate Retirement Income (Current Income Needs)
- \_\_\_\_\_ Desire Current Income Plus Growth
- \_\_\_\_\_ Save For Children Education Needs
- \_\_\_\_\_ Accumulate Wealth
- \_\_\_\_\_ Preserve Principal
- \_\_\_\_\_ Build an Estate

# Confidential Investor Profile

Investing

Understanding Your Investment Attitudes & Experience

## Experience & Knowledge

1. Years you have invested in: stocks\_\_\_\_\_ mutual funds\_\_\_\_\_ bonds\_\_\_\_\_
2. Do you consider your overall understanding of investments and investment concepts as:  
**Excellent Good Fair Poor None**
3. How well do you understand valuation measures such as price/earnings, price/sales, etc.  
**Excellent Good Fair Poor None**
4. Do you know what the return on your investments was for the past year?  
**Yes No**

## Information Sources

1. Rate from 1 to 5 or n/a your reliance on the following sources for financial information:  
Newspapers or magazines \_\_\_\_\_ Service like Value Line \_\_\_\_\_  
Television \_\_\_\_\_ Broker/Financial Advisor \_\_\_\_\_  
Internet \_\_\_\_\_ Friends or family \_\_\_\_\_
2. Do you regularly discuss investments with a broker or financial advisor? **Yes No**
3. How often do you check the price of stocks you own? \_\_\_\_\_
4. How often do you check the value of your portfolio? \_\_\_\_\_

## Strategies and Risk

1. What percentage of your investment decisions do you make on your own?  
**none 25% 50% 75% all decisions**
2. Have you identified an investment strategy you are comfortable with? **Yes No**
3. Typically, when you invest, how long do you expect to hold the investment?  
**3 months one year three years five years indefinite don't know**
4. What do you consider an acceptable amount to lose in a down year in the market?  
**0% 5% 10% 15% 20% 25% 50%**
5. Over the long-term, what rate of return do you expect your investments to achieve?  
**Minimum** acceptable return: \_\_\_\_\_  
**Realistic**, satisfactory return: \_\_\_\_\_  
Most **optimistic** expectation: \_\_\_\_\_
6. On a scale from 1-10, rate what characteristics your portfolio should reflect? Circle one:  
**1 2 3 4 5 6 7 8 9 10**  
**Max Principal Preservation ←→ Max Investment Returns**
7. What level of fluctuation in the value of your investments is acceptable? (check one)  
\_\_\_ I do not want any market fluctuation  
\_\_\_ I can tolerate an occasional losing quarter, but not a losing year.  
\_\_\_ I can tolerate a losing year if it only happens once every 6 or 7 years  
\_\_\_ I am comfortable with fluctuation and could tolerate a losing year every 3 to 5 years  
\_\_\_ I am comfortable with wide fluctuation in market value and can tolerate a losing year

*Please add any additional comments or concerns you may have about investing or your investments on the back of this page.*