

**Item 1 - Cover Page**

**E & G Advisors, LP**

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**March 18, 2011**

**[www.eandgadvisors.com](http://www.eandgadvisors.com)**

This Brochure provides information about the qualifications and business practices of E & G Advisors, LP. If you have any questions about the contents of this Brochure, please contact Mark Easley at 713-880-5819 and/or [Mark.easley@eandgadvisors.com](mailto:Mark.easley@eandgadvisors.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities' authority. E & G Advisors, LP is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training.

## **Item 2 – Material Changes**

The United States Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated March 18, 2011 is prepared according to the SEC’s new requirements and rules. As such, this Document is materially different in structure and requires certain new information that the Firm’s previous brochure did not require.

On an ongoing basis, this item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. The Firm will also reference the date of its last annual update of the Brochure.

In the past, E & G Advisors, LP has offered or delivered information about the Firm’s qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, the Firm will ensure that clients receive a summary of any materials changes to this and subsequent Brochures within 120 days of its business’ fiscal year-end. Further, E & G Advisors, LP will provide clients with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, E & G Advisors, LP’s Brochure may be requested by contacting Mark Easley at 713-880-5819 or via email at [mark.easley@eandgadvisors.com](mailto:mark.easley@eandgadvisors.com).

Additional information about E & G Advisors, LP is also available via the SEC’s Website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s Website also provides information about any persons affiliated with E & G Advisors, LP who are registered, or are required to be registered, as investment adviser representatives of E & G Advisors, LP.

Other than the new format and requirements related to the use of the new version of the Form ADV Part 2A, the Firm has experienced no material changes since the last update on March 22, 2010.

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#### **Item 4 – Advisory Business**

E & G Advisors LP (“E & G” or the “Firm”) was formed in December 2003 and is owned by Mark Easley, Chief Executive Officer and Chief Compliance Officer, and Adam Gracely, Limited Partner. E&G provides investment advisory services to individuals, family limited partnerships, trusts, estates and charitable organizations. These services include selecting or recommending investments for clients while taking into account the client’s needs, including total return objectives, risk tolerance, and other assets and obligations of the clients. The specific investment style chosen per client is based upon the goals, objectives, and individual needs of the client. E & G manages accounts on a non-discretionary and discretionary basis and has discretionary authority to determine the securities to be purchased and sold.

The client pays E & G for its investment management services based upon the client’s assets under management. The advisory fees payable to E & G are an annual fee range from .30% to 1.50% of assets under management, payable quarterly. Fees are calculated by multiplying the assets under management by the relevant percent and dividing such product by four. Accounts opened in mid-quarter will be assessed at a pro-rated management fee. Fees are payable quarterly, in advance and such fees may be deducted from client's account(s) quarterly within 30 days following the end of the quarter for which said fees will be incurred. All advisory fees are negotiable. Fees for the initial quarter will be adjusted pro-rata based upon the number of calendar days in the calendar quarter that the Agreement goes into effect. Fees are calculated on an incremental basis and are subject to change with 30 days written notice. Notwithstanding the above, certain clients of E & G with pre-existing relationships may initially be charged fees which are less than those set out above. With regards to employee related accounts, the quarterly fees may be less, depending upon a number of factors, including portfolio size, length of employment and relationship to the employee.

E & G maintains a Power of Attorney for all discretionary accounts for the purposes of directing and/or otherwise effecting investments on behalf of the managed account. Further, the Power of Attorney extends on all discretionary accounts for the direct payment of E & G's fees and/or the payment of any custodial fees and or other charges incurred by the account(s).

E & G will generally provide consulting services for a fee, based upon the hours spent for which the consultation is provided. Fees for this service will be billed in arrears, monthly, at \$100.00 per hour. Fixed fees for ongoing consulting services are negotiable.

The relationship between the parties may be terminated by either party upon 30 days written notice. Notwithstanding the above, if the appropriate disclosure statement was not delivered to the client at least 48 hours prior to the client entering into any written or oral advisory contract with this investment adviser, then the client has the right to terminate the relationship, contract without penalty, within five business days after entering into the contract. The client will be entitled to a pro rata refund of any pre-paid quarterly fee based upon the number of days remaining in the quarter after termination.

E&G manages assets on a discretionary basis. As of December 31, 2010, E&G had assets under management of \$60,023,428.

#### **Item 5 – Fees and Compensation**

The client pays E & G for its investment management services based upon the client’s assets under management. The advisory fees payable to E & G are an annual fee ranging from .30% to 1.50% of assets under management, payable quarterly. Fees are calculated by multiplying the assets under management by the relevant percent and dividing such product by four. Accounts opened in mid-quarter will be assessed at a pro-rated management fee.

Fees are payable quarterly, in advance and such fees may be deducted from client's account(s) quarterly within 30 days following the end of the quarter for which said fees will be incurred. All advisory fees are negotiable. Fees for the initial quarter will be adjusted pro-rata based upon the number of calendar days in the calendar quarter that the Agreement goes into effect.

Fees are calculated on an incremental basis and are subject to change with 30 days written notice. Notwithstanding the above, certain clients of E & G with pre-existing relationships may initially be charged fees which are less than those set out above.

To the extent mutual funds are selected by the sub-manager to fill components of the overall investment strategy, the annual advisory fee set forth above does not include the customary fees and expenses associated with investing in mutual funds or other costs of establishing and maintaining an account with mutual funds including Rule 12b-1 fees and expenses. The client is advised that, in addition to the annual advisory fee set forth above, each mutual fund in which assets are invested will incur separate investment advisory fees and other expenses for which client will bear a proportionate share.

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

E&G does not charge any performance fees based on a share of capital gains on or capital appreciation of the assets of a client.

### **Item 7 – Types of Clients**

E&G provides portfolio management services to individuals, high net worth individuals, family limited partnerships, trusts, estates and charitable organizations.

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

E & G manages client portfolios by using Modern Portfolio Theory with a macroeconomic overlay. Modern Portfolio Theory deploys diversification in an attempt to reduce portfolio volatility and risk. Macroeconomics studies the behavior of the aggregate economy by closely examining factors including but not limited to employment, national income, inflation, and gross domestic product. E & G will also use fundamental data to help identify companies, industries, and sectors with compelling financial characteristics.

During the investment process, E & G reviews numerous sources of information. Those sources are primarily financial newspapers and magazines, research prepared by others, annual reports, and company press releases.

E & G provides investment advice on exchange listed securities, over the counter securities, exchange traded funds, closed end funds, corporate debt securities, United States government securities, municipal securities, and mutual funds.

From time to time, and where suitable to client circumstances and preferences, E & G may deploy margin transactions, covered option writing, uncovered option writing, and option purchases.

Prices of securities have historically fluctuated. Therefore the value of a client's account will similarly fluctuate and clients could lose money. Investing in securities involves risk of loss that clients should be prepared to bear.

### **Item 9 – Disciplinary Information**

E&G is required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of E&G or the integrity of E&G's management. The Firm had no information applicable to this Item.

## **Item 10 – Other Financial Industry Activities and Affiliations**

E & G is affiliated with E & G Investments, LP who is a related broker/dealer, under common ownership and control, with the Securities & Exchange Commission and FINRA. Mr. Easley is the Designated Principal and a Limited Partner of E & G Investments, LP. Mr. Easley's activities with E & G Investments, LP are estimated to utilize approximately five (5%) percent of Mr. Easley's time.

Mr. Easley and Adam Gracely are involved with the following entities as members or managers: 7412 Louetta Road I, LLC, 8611 Westheimer Road I, LLC, and Gracely Property, LLC. These entities are involved in real estate management. The clients of E & G are not solicited for these activities, but may become involved upon their request and if they are suited for the arrangement(s).

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

E & G has adopted a Code of Ethics to ensure that securities transactions by Firm employees are consistent with the Firm's fiduciary duty to its clients and to ensure compliance with legal requirements and the Firm's standards of business conduct. The Firm requires transaction confirmation and quarterly reporting.

No security may be bought or sold by a principal or employee of E & G before the Firm's clients' accounts have had the opportunity to make such transactions as appropriate. All E & G principal and employee trades will be reviewed by the Chief Compliance Officer. Principals and employees will not receive a more favorable execution price on a particular day than those received by E & G's investment advisory clients.

To prevent conflicts of interest, all employees of E & G must comply with the Firm's Written Supervisory Procedures and Code of Ethics, which impose restrictions on the purchase or sale of securities for their own accounts and the accounts of certain affiliated persons.

The Supervisory Procedures and Code of Ethics require that all trades made by employees or related persons of E & G, who make recommendations or participate in the determination of which recommendation shall be made, will require approval for all securities trades (except transactions in investment company securities and/or other exempt transactions) and will be reviewed by the designated person responsible. E & G will also maintain monthly reports on all personal securities transactions, except transactions in investment company securities and/or other exempt transactions. Further, such Supervisory Procedures and Code of Ethics impose certain policies and procedures concerning the misuse of material non-public information that are designed to prevent insider trading by any officer, partner, or associated person of E & G.

Notwithstanding the above, E & G, and/or their officers, directors or employees may purchase for themselves similar or different securities as are purchased or recommended for investment advisory clients of E & G, and that different securities or transactions may be effected or recommended for different investment advisory clients of E & G. A written copy of the Firm's Code of Ethics is available upon request.

## **Item 12 – Brokerage Practices**

E & G will supervise and direct the investments of the client accounts subject to such limitations as the client may impose in writing. E & G, as agent and attorney-in-fact with respect to the client's account, without prior consultation with the client, may, (a) direct the purchase, sell, exchange, conversion, and otherwise trade in stocks, bonds and other securities including money market instruments, (b) direct the amount of securities purchased, sold, exchanged, and otherwise traded, (c) place orders for the execution of such securities transactions with other; and (d) determine the commission rates paid. E & G will allocate brokerage transactions in a manner it believes to be fair and responsible to its clients, and consistent with client objectives. Adhering to a strict formula will not be practicable given the variation in client objectives and guidelines.

Unless client instructs E & G otherwise, the Firm may place orders for the execution of transactions with or through a broker/dealer as E & G may select, and complying with Section 28(e) of the Securities Exchange Act of 1934, may pay a commission on transactions in excess of the amount of commission another broker/dealer would have charged. E & G will select such brokers that can effect transactions at the best price and execution under the prevailing circumstances. In managing investment portfolios, E & G acts in a manner in keeping with what it understands and believes to be the best interests of the client. Individual securities are selected to provide diversification among economic sectors and industries which are chosen to achieve the desired balance between expected risk and expected return. Transactions of an unusual nature are discussed with clients before execution.

Purchase and sale of specific securities by employees of E & G are prohibited when there are client programs active in those securities. Executions for clients will always receive priority. The officers and employees of E & G report transactions monthly.

### **Item 13 – Review of Accounts**

Mark Easley or Adam Gracely will review all accounts on a quarterly basis, and compare each investment on a transaction basis to insure that each transaction is: (i) suitable to the respective client's investment objectives; (ii) meets that client's quality standards; and (iii) to make sure that their investment objectives are still pertinent to the managed account arrangement. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances or the market economic or political environment. The clients will receive monthly reports from the custodian detailing their individual assets and all activity in the client's account, unless the client requests a more frequent basis.

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

E&G does not provide compensation either directly or indirectly to any non-supervised person for referrals. Additionally, the Firm does not receive any economic benefits from any non-clients for providing investment advice to E&G's clients.

### **Item 15 – Custody**

Clients should receive at least quarterly statements from the broker/dealer, bank or other qualified custodian that holds and maintains clients' investment assets. E&G urges clients to carefully review such statements and compare such official custodial records to any information that the Firm may provide to you.

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

E&G usually receives written discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. When selecting securities and determining amounts, E&G observes the investment policies, limitations and restrictions of the clients for which it advises. Investment guidelines and restrictions must be provided to E&G in writing.

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

As a matter of Firm policy and practice, E&G does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. E&G may provide advice to clients regarding the clients' voting of proxies.

**Item 18 – Financial Information**

E&G is required in this Item to provide clients with certain financial information or disclosures about E&G's financial condition. E&G is well capitalized, has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.