

Item 1 Cover Page

Part 2 of Form ADV: Firm Brochure of Morgan Investments Inc dated 12/31/2011

Address: 720 South Pleasantburg Drive, Greenville, SC 29607

Telephone: 864-235-4196, or, 1-800-529-1899

This brochure provides information about the qualifications and business practices of Morgan Investments Inc. If you have any questions about the contents of this brochure, please contact us at either of the telephone numbers above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Morgan Investments Inc also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 Material Changes

Not Applicable

Item 3 Table of Contents

1. Item 4-About our business, the services we provide and the assets we manage
2. Item 5-How we receive compensation
3. Item 6-Performance Based Fees
4. Item 7-Who our clients are
5. Item 8-How we manage client assets
6. Item 9-Disciplinary information
7. Item 11-About our ethics code and personal securities trading
8. Item 12-Brokerage practices
9. Item 13-How we review our client portfolios
10. Item 14-Client referrals
11. Item 15-Custody of client funds
12. Item 16-Investment discretion
13. Item 17-Voting client securities
14. Item 18-Financial information

Item 4 Advisory Business

Morgan Investments began managing investments in Greenville, South Carolina in 1973 and registered with the Securities and Exchange Commission in 1974. The company was founded by Raymond P. Morgan (Ray) and his father. John M. Balentine, Jr. (John) joined the firm in 1988. Ray is principal owner of the company. He was born May 25, 1950, graduated from Wofford College in 1972 with a degree in economics and has been with the firm since its inception. John was born November 8, 1943, graduated from Auburn University with a BS in business administration in 1968 and received an MBA from the University of Pennsylvania. John served in executive positions in the banking industry prior to joining Morgan Investments.

We supervise accounts and invest in stocks, bonds, mutual funds and short-term money instruments for our clients. We generally have discretion in selecting securities for our client portfolios. We invest primarily in listed stocks and mutual funds. The remaining assets are allocated to bonds and money instruments. Our clients choose among conservative, moderate or full equity styles of investing in setting the percentage exposure to equities that they are comfortable with. Clients may impose further restrictions on the types of securities in their portfolios.

We have a proprietary system for evaluating a broad universe of stocks which emphasizes balance sheet strength and earnings prospects among a number of other factors. As of December 31, 201, we managed \$60,859,000 on a discretionary basis for our clients and no non-discretionary assets.

Item 5 Fees and Compensation

Morgan Investments is a fee only investment advisor. We do not receive any commissions or other compensation for our services. We charge fees annually in advance based on client account balances at December 31 based on the following fee schedule:

1 ½% on the first	\$200,000
1% on the next	\$300,000
¾% on the next	\$4,500,000
½% on amounts over	\$5,000,000

Fees are negotiable under some circumstances. We bill with our December statement. Clients may choose to pay directly or have the fee deducted from their account. In

The event that a client terminates our services before the end of a billing period, the client will receive a pro rata refund based on the number of months remaining in the billing period. For example, a June 30 termination for a December 31 billing period would result in a 50% refund.

In addition to our management fees clients pay brokerage costs on transactions and in some instances custodial fees. More information is included under Item 12.

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

Morgan Investments has no performance based fees.

Item 7 Types of Clients

We provide advisory services to individuals, high net worth individuals, profit sharing plans, pooled investment accounts and an investment club. We normally require a \$200,000 minimum to open an account. We accept lesser amounts in some circumstances. There is no minimum for maintaining an account.

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

Morgan Investments has developed in-house systems which provide a measure of investment potential and fundamental values across a broad number of stocks and mutual funds. The majority of the stocks that we select are high quality companies with strong balance sheets. We focus more on what we consider value rather than on price momentum. We are not short-term traders. We buy stocks with a view toward months or years of ownership. Ownership of any security involves an element of risk of loss of principal. Clients should be prepared to bear that risk.

Item 9 Disciplinary Information

There are no legal or disciplinary events by any securities regulator or court which would reflect negatively on Morgan Investments or our management.

Item 10 Other Financial Industry Activities and Affiliations

Morgan Investments has no activities or affiliations other than those disclosed in Item 14.

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

Our code of ethics holds our employees to the highest standards of ethical behavior. We expect our employees to place the interests of our clients at the forefront of priorities. We demand strict compliance with our policies regarding the safeguard of client information, personal trading of securities, use of insider information and adherence to securities laws. We will provide a copy of our code of ethics to any client or prospective client upon request.

Occasionally an order to buy or sell securities will include a personal account of an employee or related person. Orders for personal or related accounts are the last to be filled on buys or sells. As long as these personal trades are not made ahead of client trades and are not favorable in price, we see no conflict of interests.

Item 12 Brokerage Practices

We recommend broker-dealers to our clients based on three factors. Does the broker – dealer provide valuable services to the client, are the commissions for executing trades favorable and reasonable and are those trades executed favorably. Our client accounts are usually held in custody at Charles Schwab and Wells Fargo Advisors. In some cases A client may have an account at each brokerage.

Commission rates charged by Wells Fargo Advisors are generally higher than those charged by Charles Schwab. We receive research from Wells Fargo Advisors that is created in house by them as well as some third party research. When we use client commissions to get research or other services we benefit by not having to pay directly for the services. This could create an incentive to recommend a broker-dealer based on services we receive rather than receiving the most favorable execution of trades for our client.

The research we receive is an input to selecting securities for our client portfolios and benefits all our clients. Not all clients may pay for the services through commissions. We place buy or sell orders at the brokerage where a clients assets are housed. We do not direct orders to outside broker-dealers for delivery to our client accounts. We do not receive client referrals from broker-dealers that house accounts for our clients.

There are circumstances when a client has a reason to house an account at a custodian who we would not recommend. These clients may incur higher commission rates and less favorable prices on buys and sells since we must enter a separate trade order.

If we are buying or selling a security for a number of our clients, we enter an order for the total shares in the order at the brokerage where the clients assets are held.. We then can receive an average price for the transaction so that each client at that brokerage receives the same price for the shares. Net proceeds from the transaction may differ due to differing commission rates.

Item 13 Review of Accounts

Client accounts are reviewed at least twice per month by the President and Executive Vice President of Morgan Investments. We review the account performance (return), the securities owned and percentage of assets invested in equities. We review securities owned in our portfolios on a daily basis. We also review a daily report which shows total assets in each account, available cash and percentage exposure to equities. We also review per cent return on assets on a year to date basis for each account daily. Daily reviews may prompt an in depth review for an account.

We provide monthly statements to our clients. These statements include a listing of cash and all securities owned with number of shares, average cost and current market value for each position. A detailed listing of each transaction for the month is included. The report also shows the dollar amount of investment returns for the month and year to date.

Item 14 Client Referrals and Other Compensation

Morgan Investments has a contractual arrangement with an otherwise unrelated third party. Under this arrangement, we share 25% of the fees charged to clients referred to us by this party. The fee charged to clients by us is the same as we would charge any client not included in this arrangement. Except for fee sharing, Morgan Investments and the other party are in no way affiliated. A signed form disclosing this arrangement to each client who is to be a party to this arrangement is obtained prior to any advisory services being provided. We have received no referrals under this arrangement for more than ten years.

Item 15 Custody

Assets in our client accounts are held by a qualified custodian. The custodian delivers statements directly to clients on a monthly basis. Morgan Investments also provides monthly statements to each client. We urge you to compare the statements from the custodian to our statements on a monthly basis.

Item 16 Investment Discretion

Morgan Investments accepts discretionary authority from our clients to manage their securities accounts. Clients generally limit this discretion by choosing what percentage exposure to equities the client is comfortable with. The ranges are typically up to 60% of assets in equities, up to 75% exposure or up to 100% exposure. Further limitations may involve not owning stocks in certain industries. Our Investment Counseling Agreement grants us discretionary authority in managing client assets. Clients also execute a limited power of attorney with the custodian holding their assets which grants us such authority.

Item 17 Voting Client Securities

Morgan Investments does not accept authority to vote client securities. Clients will receive proxies and other material directly from their custodian.

Item 18 Financial Information

An audited balance sheet with accountant's opinion and footnotes is included with each Form ADV Part 2 distributed to clients and prospective clients.

