



Firm Brochure and supplement

This *Brochure* is a description of **EGI Financial, Inc.** (EGI) and its investment advisory business. It fulfills the requirements of SEC Form ADV, Part 2A and Part 2B by providing information about the qualifications and business practices of EGI Financial, Inc.. 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 filing and it discloses any real or potential conflicts of interest that may exist in our business.

Questions about the contents of this brochure may be directed to us by phoning 330-535-0881. This brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

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.

Additional information about EGI Financial, Inc. is available on the [SEC website](http://www.SEC.gov), or visit our website at www.EGIFinancial.com.

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Item 2: Material Changes

Annual Update

The Material Changes section of this brochure will be updated when material changes occur to the business of EGI Financial, Inc.. This section of our Annual Update of this brochure will contain a summary of all Material Changes since the last Update.

Material Changes Since Last Update

Item 4, page 4. EGI Financial, Inc. has transitioned from SEC registration to registration with the Ohio Division of Securities.

Non-Material Changes Since Last Update

Non-material changes to this brochure include an update to total assets under management in Item 4, Advisory Business; rewording of our Money Management Philosophy under Item 8, Methods of Analysis, Investment Strategies and Risk of Loss; and various typographical and minor wording changes. You are encouraged to review the Brochure in its entirety for changes.

Full Brochure Available

A complete copy of the Firm Brochure of EGI Financial, Inc. is available upon request at anytime by phoning 330-535-0881 or by email request to egi@egifinancial.com.

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Item 4: Advisory Business

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 state of Ohio and regulated by the Ohio Division of Securities as a **Registered Investment Advisory Firm**. Principal owner(s) of EGI Financial, Inc., (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 broke-dealer. This affiliation is based upon both companies being 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 such 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, focusing on **Money Management Services**, to individuals, high-net worth 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 28, 2012 EGI Financial, Inc. had \$49,184,342 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 Statement**. 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 are charged for investment advice. Fees 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:

<u>Assets Under Management</u>	<u>Annual Fee</u>
First \$100,000	1.25%
\$100,001 - \$250,000	1.00%
\$250,001- \$500,000	0.80%
Above \$500,000	0.50%

Fees are negotiable dependent upon investment strategy and requirements, potential future asset additions and other relationship issues. The minimum annual fee is \$600.00 or \$150 per quarter. Minimum account size is \$250,000. Smaller accounts may be accepted as part of qualifying client relationship or at the discretion of EGI Financial. 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 and investment accounts may include mutual funds that include additional fees imbedded in the mutual fund structure. EGI Financial, Inc. does not participate in such fees but will act in the clients best interests and perform our fiduciary duty to minimize such fees when possible.

EGI Financial Inc.'s 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, 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

While many money managers define their investment process as an Investment Strategy, we believe that, as a result of the strong values, beliefs and principals built into our process, our investment strategy is better defined as our **Money Management Philosophy**.

At EGI Financial we believe the primary value we add to the client relationship is our ability to help clients attain the **investment results** required to achieve their individual financial

objectives. We have extensive investment experience, state of the art analytical tools and professional networks which we use to develop and implement investment strategies.

There are three key aspects to our **Money Management Philosophy**.

- **Portfolio Management:** The overall process of achieving financial objectives while managing risk.
- **Investment Philosophy:** The disciplines that guide our investment decisions.
- **Investment Selection:** The process of selecting and monitoring the specific investments needed to achieve the client's financial and risk objectives.

Following is a discussion of the strategies, methods and analysis that are the basis of our **Money Management Philosophy**.

Portfolio Management:

Portfolio management refers to our overall strategy to **achieve objectives and manage risk**. *The primary objectives we seek to achieve are growth, income and/or stability.* Risk management includes efforts to reduce volatility, loss of principal and loss of purchasing power. After identifying a client's risk and reward parameters in their Investment Policy Statement, we use the following tools to manage risk and achieve their objectives.

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 tool 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 asset allocation model provides better defined diversification by identifying investments by "expectations." Traditional allocation models diversify through a mix of characteristics such as industry group, market capitalization, asset class, etc.. While such models provide for different types of investments, they do little to identify what the investment might provide to the investor or what the investor might expect from owning the investment. Our proprietary asset allocation model identifies characteristics such as growth, income, stability, speculation and market correlation or non-correlation. While use of this model, along with traditional portfolio diversification strategies, does not guarantee achievement of portfolio risk and reward objectives, our experience shows it improves diversification, reduces risk and helps clients better understand the purpose each investment is expected to provide toward the overall objectives of their investment plan.

Investment Philosophy:

Quality, Growth, Value, Diversification and a Long-Term Outlook are the disciplines that guide our investment decisions.

Quality is a multi-faceted characteristic. We use 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. While Quality, Growth and Value are critical, we strongly emphasize *Diversification and a*

Long-Term Outlook. By prudently investing among various investment styles, we reduce risk and enhance long-term performance. Investments are typically held a minimum of three years.

Investment Selection:

We use fundamental statistics, technical indicators and intangible characteristics to identify investments which will provide attractive Quality, Growth and Value traits. For equities, fundamental statistics used for investment selection include, but are not limited to, price/earnings ratios, book value, debt ratios, market capitalization, discounted cash flows, earnings growth, dividend growth and price to earnings growth ratios. Technical indicators include moving averages, volume, on balance volume and chart patterns. Intangible characteristics include quality and consistency of management, business strategy, patents, competition, technology issues, barriers to entry and general economic conditions. Fixed income investments are selected primarily based on quality, safety and yield to maturity while also considering maturity dates, duration, call features, current yield, the yield curve and the general interest rate cycle.

All investments involve risk of loss of principal and/or unexpected results. Investing in securities involves a risk of loss that investors must be prepared to bear. We do not represent or guarantee our strategies or methods can or will predict future results successfully, nor do we guarantee against loss.

Client assets are invested primarily in domestic and international equities (stocks), fixed income (debt instruments or bonds), and 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. Investments are restricted to publicly traded securities which normally have published market values. All investments are subject to risk of loss of principal and fluctuation of market value. We attempt to limit risk through fundamental analysis, diversification and use of our proprietary asset allocation model.

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 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 also licensed registered representatives (Series 7 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's 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.

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 if acceptable to EGI Financial, Inc.. Clients will incur brokerage commissions and other standard brokerage expenses from TD Ameritrade and such services may be available through other brokers at lower cost. EGI Financial, Inc. has a non-affiliated, non-compensational arrangement with TD Ameritrade as a result of having client accounts custodiated with TD Ameritrade. No compensation is exchanged between TD Ameritrade and 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 income as a result of the clients' brokerage activities. EGI Financial, Inc. benefits from this relationship through services

provided by TD Ameritrade which 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. Additional reviews may be triggered by material market, economic or political events or a change in client objectives or financial situation. Reviews consist of an analysis of portfolio allocation compared to the portfolio's objectives as well as investment performance and investment fundamentals. 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, Brian K. Weinreich, and James A Wynne.

Quarterly, EGI Financial provides a written progress report to the client including the following account reports: Allocation Review, Portfolio Appraisal and Three-Year Performance History. 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 as defined by SEC Rule 206(4)-2 under the Advisors Act. Because EGI Financial, upon authority of the client and with notification to the client, deducts advisory fees from client accounts as described in Item 5, Fees & Compensation, we take what is defined as "limited" custody of client assets. 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 Statement**. 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 or custody of asset rules. EGI Financial, Inc. does have contractual agreements with clients permitting discretionary managing of client assets. No financial condition exists that is reasonably likely to impair EGI's ability to meet its contractual commitments to clients. Should EGI become aware of any such financial condition, this brochure will be updated and clients will be notified.

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 as required by Form ADV Part 2B. 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 28, 2012.

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 (CPA) (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.