



Investment Advisory Firm

## Firm Brochure and supplement

March 27, 2019 Annual Update

This *Brochure* and its *Supplement* describe **EGI Financial, Inc.** (EGI) and its investment advisory business. These documents fulfill the requirements of SEC Form ADV, Part 2A and Part 2B by providing information about the qualifications and business practices of EGI Financial, Inc. They disclose all material information about the Firm and its business, identify 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 or supplement may be directed to us by phoning 330-374-1932. 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](https://www.sec.gov), or visit our website at [www.EGIFinancial.com](http://www.EGIFinancial.com).

### **EGI FINANCIAL, INC.**

50 SOUTH MAIN STREET  
SUITE 1210  
AKRON, OHIO 44308

330-374-1932  
Fax 330-374-6811  
egi@egifinancial.com  
[www.EGIFinancial.com](http://www.EGIFinancial.com)

9 AM - 5 PM  
Monday- Friday  
except holidays

## **Item 2: Material Changes**

### **Updates**

The Material Changes section of this brochure will be updated when material changes occur to the business of EGI Financial, Inc. You are encouraged to review the Brochure in its entirety for changes. This section of our annual or interim update of this brochure will contain a summary of all Material Changes since the last update.

### **Material Changes Since Last Update**

Since the last update of this brochure on January 15, 2020, there have been no material changes to our business.

### **Non-Material Changes Since Last Update**

There have been no non-material changes to our business since the last update.

### **Full Brochure and Supplement Available**

A complete copy of the Firm Brochure and Supplement of EGI Financial, Inc. is available from various sources, including the following:

- It is available upon request at any time by phoning EGI Financial at 330-374-1932
- Request a copy by emailing your request to [egi@egifinancial.com](mailto:egi@egifinancial.com).
- A copy is available through our website at:  
[http://www.egifinancial.com/docs/ADV\\_II\\_Firm\\_Brochure.pdf](http://www.egifinancial.com/docs/ADV_II_Firm_Brochure.pdf)
- A copy is available through the FINRA "Broker Check" website, found at the following link:  
<http://www.finra.org/BrokerCheck/>
- A copy is available through the SEC Investment Advisor website at the following link:  
[www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

**Item 3: Table of Contents**

<b>Item</b>	<b>Topic</b>	<b>Page Number</b>
Item 1	Cover Page	1
Item 2	Material Changes	2
Item 3	Table of Contents	3
Item 4	Advisory Business	4
Item 5	Fees and Compensation	5
Item 6	Performance-Based Fees and Side-By-Side Management	7
Item 7	Types of Clients	7
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss	7
Item 9	Disciplinary Information	10
Item 10	Other Financial Industry Activities and Affiliations	10
Item 11	Code of Ethics, Participation in Client Transactions and Personal Trading	11
Item 12	Brokerage Practices	11
Item 13	Review of Accounts	12
Item 14	Client Referrals and Other Compensation	12
Item 15	Custody	13
Item 16	Investment Discretion	13
Item 17	Voting Client Securities	13
Item 18	Financial Information	13
Item 19	Requirements for State-Registered Advisers and Supplemental Information	13 part 2B

## 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 Securities and Exchange Commission as a **Registered Investment Advisory Firm**. Principal owner(s) of EGI Financial, Inc., (defined as 25% or more ownership) include Jeffrey C. Thomas who is also President and Chief Compliance Officer.

EGI Financial, Inc. is affiliated with **American Heritage Securities, Inc.**, (AHS) a FINRA member broker-dealer as well as JCT Investment Counsel Inc., dba Alpha Asset Management, an affiliated registered investment advisory firm. Affiliation is based upon all three companies being owned by Jeffrey C. Thomas. Additionally, American Heritage Securities shares office space and shares employees and EGI provides investment advisory services to certain clients of AHS under the Private Investment Management (PIM) program provided by AHS custodian Wells Fargo Clearing LLC (WFC). All Investment Advisor Representatives (IAR) of EGI are also licensed as Series 7 Registered Representatives with FINRA under employment by AHS.

In May 2014, EGI Financial, Inc. and American Heritage Securities registered with the State of Ohio to operate under trade name **American Heritage Financial**. The name American Heritage Financial is for simplifying marketing purposes and all legal documents and agreements used by both firms will continue to reflect their legal names.

EGI Financial Inc. provides investment advisory services, primarily in the form of **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, including exchange traded funds), and options.

EGI Financial Inc. also provides **Retirement Plan Services** which is, primarily, service to the sponsors of "participant-directed" retirement plans established by the sponsors pursuant to Section 404(c) of ERISA that permits a Plan participant to exercise control over the assets contained in their individual retirement account (normally 401K accounts). EGI provides the Plan sponsors with advice relative to choices of investment alternatives available to Plan participants. These choices may include model portfolios designed and maintained by EGI. In addition, if requested by the sponsor, EGI may provide Plan participants with general impersonal informational seminars and/or materials that describe or explain the various investment options available under the Plan. Seminars may include: participant education, enrollment meetings, risk tolerance assessment, investment option selection, model portfolio creation, and recommending and coordinating with outside service providers such as Record Keepers and Third Party Administrators (TPAs). EGI does not receive, nor accept any compensation from outside service providers.

In 2015, EGI Financial, Inc. began performing Investment Advisory services for clients of AHS through an advisory platform provided by AHS custodian, Wells Fargo Clearing LLC (WFC). The

FC program is identified as Private Investment Management (PIM). EGI provides advisory services to PIM clients by establishing and executing Investment Policies for the clients and servicing the client relationship. PIM clients pay a fee for the PIM program based on assets under management. The fee covers the costs of investment advisory services provided by EGI and custodial services, transaction costs, statements, performance reporting and other administrative services provided by FC. Fees are established by FC but are negotiable within limits identified in the FC fee schedule. FC calculates and bills all fees to clients and FC retains a portion of such fees to cover the cost of FC services with the remainder of the fee is paid to AHS. No PIM fees, nor any other compensation, are paid to EGI for the PIM program.

As of January 19, 2021, EGI Financial, Inc. had \$139,955,988 in assets under management on its traditional Investment Advisor platforms. These assets are further identified as:

Discretionary	\$123,067,604
Non-Discretionary	\$ 16,888,384
Total	\$139,955,988

Discretionary assets are those included in our Money Management Service and such 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. Non-discretionary assets are those included in our Retirement Plan Services.

In addition to the traditional Investment Management Assets, EGI had \$34,829,486 in assets under discretionary management as of January 19, 2021 through the Private Investment Management (PIM) platform held by American Heritage Securities' custodian Wells Fargo Clearing, LLC.

## Item 5: Fees and Compensation

EGI Financial, Inc. is a "fee-only" investment advisory business; meaning fees are charged for investment advice. EGI does not charge commissions or receive compensation other than fully disclosed fees. Fees are based on assets under management. Fees are assessed quarterly, billed in advance and based on assets under management at the beginning of the quarter. The specific fee billed to a client is established in a written contract agreement signed by each client.

**Standard annual rates for EGI money management services are:**

<u>Assets Under Management</u>	<u>Annual Fee</u>
First \$250,000	1.25%
\$250,000 - \$750,000	1.10%
\$750,001 - \$1,500,000	0.95%
Above \$1,500,000	0.80%

Money Management 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.

**Standard annual rates for Retirement Plan Services:**

<b><u>Assets Under Management</u></b>	<b><u>Annual Fee</u></b>
First \$500,000	\$5,000
Above \$500,000	0.65%

Retirement Plan Advisory fees are negotiable dependent upon investment strategy and requirements, potential future asset additions and other relationship issues. The minimum annual fee for 401 (k) retirement plans is \$5000 or \$1250 per quarter. Minimum plan size is \$500,000. Smaller accounts may be accepted as part of qualifying client relationship or at the discretion of EGI Financial. "Excluded assets" (see Item 8, below) are not included in the fee computation. 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 plan assets or paying them directly. Client authorizes the Plan record keeper (or other custodian of Plan assets) to remit the fees directly to the advisor from plan assets; or if desired, client may pay the fees directly according to service agreement.

**Standard annual rates for PIM advisory services through Wells Fargo Clearing LLC are:**

<b><u>Assets Under Management</u></b>	<b><u>Annual Fee</u></b>
First \$250,000	3.00%
Next \$750,000	2.50%
Over \$1,000,000	2.00%

PIM fees are negotiable dependent upon investment strategy and requirements, potential future asset additions and other relationship issues. The minimum annual fee is \$750.00 or \$187.50 per quarter. PIM advisory fees cover the cost of custody services through Wells Fargo Clearing, LLC (WFC), transaction fees, reporting and other administrative activities in addition to investment advisory services. A portion of the PIM advisory fee is retained by FC to cover their expenses and the remainder is paid to AHS, EGI's affiliated broker/dealer. Minimum relationship size to establish a PIM relationship is \$250,000 and the minimum individual account within the relationship is \$50,000. Exceptions to minimums may be accepted under extenuating circumstances. The client may terminate service at any time and fees will be refunded on a pro-rata basis. PIM advisory fees are calculated by FC and deducted from the investment account. PIM clients do not incur brokerage, transaction or custodial fees other than the PIM advisory fee as shown above. PIM Accounts may not hold mutual funds that include additional fees imbedded in the mutual fund structure and neither EGI nor AHS receives any fees, trailers or other compensation for investments held, transactions or other activity in PIM accounts.

EGI Financial Inc.'s primary business is to provide investment advice through Money Management and Retirement Plan Services. On an occasional basis, EGI Financial, Inc. may provide additional services for clients 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

***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.***

### Money Management Services

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 our **Money Management Philosophy**.

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 primary 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 diversification, 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, 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 or our **Investment Philosophy**.

**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 also 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 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, 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.

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 daily 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.

#### **Retirement Plan Advisory Services:**

- Provide non-discretionary investment advice to the Client (Plan Sponsor) about asset classes and investment alternatives available for the Plan in accordance with the Plan's investment policies and objectives. The Client shall have the final decision-making authority regarding the initial selection, retention, removal and addition of investment options.
- Assist the client with the selection of a broad range of investment options consistent with ERISA section 404(c) and the regulations thereunder.
- Assist the Client in the development of an investment policy statement (IPS). The IPS establishes the investment policies and objectives for the Plan. Client shall have the ultimate responsibility and authority to establish such policies and objectives and to adopt and amend the investment policy statement.
- Advisor will monitor investment results by preparing periodic investment reports that document investment performance and conformances to the guidelines set forth in the IPS, and make recommendations to maintain or remove and replace investment options.
- Meet with Client on a periodic basis to discuss the reports, and the investment recommendations.
- Provide non-discretionary-investment advice to the Plan Sponsor with respect to the selection of a qualified default investment alternative ("QDIA") for participants who are automatically enrolled in the plan or who otherwise fail to make an investment election.
- The Client retains the sole responsibility to provide all notices to participants required under ERISA section 404(c)(5).

**Retirement Plan "Excluded Assets":** Client acknowledges that Adviser has no responsibility to provide any services related to "Excluded Assets," should such assets be included in the Plan. "Excluded Assets are defined as: employer securities; real estate (except for real estate funds and publicly traded REITs selected by the Advisor); participant loans; non-publicly traded partnership interests; non-publicly traded securities or property; or other hard-to-value or illiquid securities or property. Excluded Assets shall be disregarded in determining the Fees payable to Adviser under this Agreement, and the Fees shall be calculated only on the remaining assets (the "Included Assets").

**Retirement Plan Standard of Care**

Adviser will perform the Fiduciary Services in accordance with the prudent man rule set forth in ERISA section 404(a)(1)(B). Adviser may perform the Non-Fiduciary Services as agreed upon with the client and shall not be liable for any liabilities and claims arising there under unless directly caused by Adviser's intentional misconduct or gross negligence.

**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**

**EGI Financial, Inc.** is affiliated with **American Heritage Securities, Inc.**, (AHS) a FINRA member broker-dealer. Affiliation is based upon both companies being owned by Jeffrey C. Thomas, the companies share office space and share employees and EGI provides investment advisory services to certain clients of AHS under the Private Investment Management (PIM) program offered by AHS's custodian Wells Fargo Clearing LLC (WFC).

EGI Financial, Inc. is also affiliated with JCT Investment Counsel, Inc. Affiliation is based upon both companies being owned by Jeffrey C. Thomas.

In May 2014, the affiliated firms registered with the State of Ohio to operate under trade name **American Heritage Financial**. The name American Heritage Financial is for simplifying marketing purposes and all legal documents and agreements used by both firms will continue to reflect their legal names.

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.

EGI has a relationship with Wells Fargo Clearing LLC (WFC), a clearing firm, member of the New York Stock Exchange and a registered investment advisor, through EGI's affiliation with AHS. WFC acts as clearing firm and/or custodian for clients of AHS and provides AHS with the PIM advisory platform. AHS is the broker/dealer for PIM clients while EGI provides investment advisor services for the PIM program. See Item 4, above, for a description of the PIM program.

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. 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.

Other than those specified above, 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 50 South Main Street, Suite 1210 Akron, Ohio 44308. Phone 330-374-1932. 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 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 held in custody 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.

Retirement Plan assets are held in custody at mutual fund companies selected by the IAR and client (Plan Sponsor).

Private Investment Management (PIM) assets are held in custody at Wells Fargo Clearing LLP (WFC), the clearing firm for EGI Financial affiliate American Heritage Securities, Inc., a FINRA registered broker/dealer. PIM is a program provided by FC specifically for use by advisory clients receiving discretionary money management services from a Registered Investment Advisor firm.

## **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 D. Vincelette, Brian K. Weinreich, Sara Gibbs, and Tyler Krummel.

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 assets on discretionary and non-discretionary basis. Managed on a discretionary basis, means 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. 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

Jeffrey C. Thomas is President and the principal executive officer of EGI Financial, Inc. Additional professional background for Mr. Thomas is included in the Form ADV Part 2B, Supplement. Mr. Thomas has never been involved in an arbitration, civil suit, bankruptcy or other disclosure or reportable event. He does not have any relationship with any issuer of securities.