

**E & G Advisors, LP**

**IARD # 130550**

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**March 25, 2023**

**[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 Adam Gracely at 713-880-3533 or [adam.gracely@eandgadvisors.com](mailto:adam.gracely@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.

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

## **Item 2 – Material Changes**

This item is used to discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. E & G Advisors, LP (“E & G” or 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 will provide clients with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Adam Gracely at 713-880-3533 or via email at [adam.gracely@eandgadvisors.com](mailto:adam.gracely@eandgadvisors.com).

The Firm has experienced no material changes to its operations since its last annual update which was dated March 1, 2022.

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#### **Item 4 – Advisory Business**

E & G was formed in December 2003 and is owned by Mark Easley, Limited Partner and Chief Executive Officer and Adam Gracely, Limited Partner and Chief Compliance Officer. E & G provides investment advisory services to individuals, family limited partnerships, trusts, estates, corporations 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 discretionary basis and has discretionary authority to determine the securities to be purchased and sold in certain accounts. On an exception basis and in the right circumstances, the Firm would consider managing an account on a non-discretionary basis, but these exceptions are very limited. E & G also provides discretionary and non-discretionary advice to plan sponsors for 401k and other qualified retirement plans.

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).

The clients shall have the ability to impose reasonable restrictions on the management of their account, including the ability to instruct E&G not to purchase certain mutual funds, stocks or other securities. These restrictions may be a specific company security, industry sector, asset class, or any other restriction you request and must be delivered in writing. 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.

The retirement plan services E & G offers to its clients are as follows:

##### **1. Plan Structure**

E & G will assist the sponsor in evaluating its current plan's structure to determine if a change in the design of the plan better suits the needs of the plan's participants. E & G will facilitate any changes with the appropriate parties including the third-party administrator, record keeper, and custodian as well as facilitating the execution of the required plan document amendments or new plan documents. However, E & G will not draft any amendments. The plan attorneys will need to perform this service.

## 2. Investment Selection, Monitoring, and Fund Changes

E & G will conduct research to determine allocations and to project potential ranges of returns and market values over various time periods and using various cash flows. As the financial advisor to the Plan, E & G will assist the Investment Committee in selecting the non-managed investment line up including evaluating investment managers and mutual fund companies, individual mutual funds, and money market funds which may be retained or replaced.

It is your responsibility to select the final mix and to determine whether to implement any strategy. The data used to determine the investments is based on estimated, forward-looking performance of various asset classes and subclasses to create our forward-looking capital markets assumptions (e.g., expected return, expected standard deviation, correlation, etc.). Past performance and the return estimates of the asset classes and the indexes that correspond to these asset classes may not be representative of actual future performance. Actual results could differ, based on various factors including the expenses associated with the management of the portfolio, the portfolio's securities versus the securities comprising the various indexes and general market conditions. Before a specific investment is selected, other factors such as economic trends, which may influence the choice of investments and risk tolerance, should be considered. E & G also encourages the sponsor to consult with other professional advisors since E & G does not provide tax or legal advice that may affect asset classes or allocations used in the modeling. E & G will apply guidelines, as directed, however, compliance with these restrictions or guidelines, is the Sponsor's responsibility.

E & G will also monitor the current non-managed investment line up including the investment's performance, performance compared to an applicable benchmark index, fees, management changes, style and fundamental investment strategy changes, and fund composition to determine if an investment no longer meets the criterion defined in the Investment Policy Statement. If the Investment Committee determines that a fund no longer meets the IPS criterion, E & G will advise the Investment Committee on possible alternatives and assist in the selection of a replacement investment.

If the sponsor decides to implement any of our recommendations, E & G will help open a custodial account(s) for the plan. The funds in the account will generally be held in a separate account, in the plan's name, at an independent custodian, not with E & G. E & G uses many different vendors and custodians. The identity of the custodian will be communicated to you before the account is opened. The custodian will affect transactions, deliver securities, make payments, etc. The Plan will always maintain full and complete ownership rights to all assets held in the account for the benefit of the plan participants.

E & G is available during normal business hours either by telephone, fax, email, or in person by appointment to answer your questions.

## 3. Participant Meetings

E & G will conduct plan participant meetings when a change is made either to the structure of

the plan or if the investment lineup changes because of the decisions of the investment Committee. E & G will detail the changes being made, how it affects the current participants, review the current investment opportunities, how participants may make changes to their investment selections and will answer all questions a participant may have. E & G will review with the participants how to select the investments.

E & G manages assets on a discretionary. As of December 31, 2022, E & G had assets under management of \$466,699,492.13.

### **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 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. Fees are payable quarterly, in advance and such fees may be deducted from client's account(s) within 30 days following the beginning 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 remaining in the calendar quarter that the Agreement goes into effect and will normally be collected on the first full quarterly billing. 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 may enter into fixed fee arrangements with certain clients at the discretion of the Chief Executive Officer.

E & G's fees do not include brokerage commissions, transaction fees, and other related costs and expenses. You may incur certain charges imposed by custodians and other third parties. These include fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, commissions and other fees and taxes on brokerage accounts and securities transactions. Exchange-traded funds (ETFs) also charge internal management fees, which are disclosed in the fund's prospectus. These fees may include, but are not limited to, a management fee, upfront sales charges, and other expenses. We do not receive any compensation from these fees. All of these fees are in addition to the management fee you pay us. You should review all fees charged to fully understand the total amount of fees you will pay. Services similar to those offered by us may be available elsewhere for more or less than the amounts we charge. Our brokerage practices are discussed in more detail under Item 12 – Brokerage Practices.

## **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, family limited partnerships, trusts, estates, corporations and charitable organizations. We have no minimum account opening balance.

## **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 open margin accounts for clients. E&G does not normally recommend the use of margin for its clients. In order to employ certain option strategies including uncovered option writing and option purchases, the Firm's custodian requires clients to open a margin account even though the strategies do not employ margin. A client opening a margin account does not increase the amount of assets under management the client will pay fees on. If the client wishes to utilize margin to borrow against the client's securities held in their account, the client will be charged interest by the custodian on the amount borrowed as disclosed in the margin agreement entered with the custodian. E & G receives no portion of these fees.

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.

All investments carry some amount of risk. E & G's investment strategies may be subject to the following principal investment risks:

**Credit Risks** – The risk that the portfolio could lose money if the issuer or guarantor of a fixed-income security, or the counter-party to a derivative contract, is unable or unwilling to meet its financial obligations.

**Counter-Party Risks** – A portfolio may incur a loss if the other party to an investment contract, such as a derivative, fails to fulfill its contractual obligation.

**Currency Risks** – The risk that foreign currencies will decline in value relative to the US dollar and affect a portfolio's investments in foreign (non-US) currencies or in securities that trade in, and receive revenues in, or in derivatives that provide exposure to, foreign (non-US) currencies.

**Debt Securities Risks** – The issuer of a debt security may fail to pay interest or principal when due, and changes in market interest rates may reduce the value of debt securities or reduce the portfolio's returns.

**Derivatives Risks** – The use of derivatives such as futures, options and swap agreements can lead to losses, including those magnified by leverage, particularly when derivatives are used to enhance return rather than offset risk.

**Emerging-Markets Risk** – Foreign investment risks are typically greater for securities in emerging markets, which can be more vulnerable to recessions, currency volatility, inflation and market failure.

**Equity Risks** – The risk that the value of equity securities, such as common stocks and preferred stocks, may decline due to general market conditions which are not specifically related to a particular company or to factors affecting a particular industry or industries. Equity securities generally have greater price volatility than fixed income securities.

**ETF Risks** – A portfolio will be exposed indirectly to all of the risks of securities held by an ETF.

**Foreign Investment Risk** – Foreign investments face the potential of heightened illiquidity, greater price volatility and adverse effects of political, regulatory, tax, currency, economic or other macroeconomic developments.

**High-Yield Securities Risk** – High-yield securities have a much greater risk of default or of not returning principal and tend to be more volatile than higher-rated securities of similar maturity.

**Interest-Rate Risk** – The risk that fixed income securities will decline in value because of an increase in interest rates.

**Issuer Risk** – The value of a security may decline because of adverse events or circumstances



that directly relate to conditions at the issuer or any entity providing it credit or liquidity support.

**Issuer Non-Diversification Risk** – The risks of focusing investments in a small number of issuers, industries, or foreign currencies, including being more susceptible to risks associated with a single economic, political, or regulatory occurrence than a more diversified portfolio might be.

**Leverage Risk** – The risk that certain portfolio transactions may give rise to leverage, causing the portfolio to be more volatile than if it had not been leveraged.

**Liquidity Risk** – A security may not be able to be sold at the time desired or without adversely affecting the price.

**Market Risk** – The market price of securities held by a portfolio may rapidly or unpredictably decline due to factors affecting securities markets generally or industries.

**Mortgage- and Asset-Backed Securities Risk** – These securities may decline in value when defaults on the underlying mortgage or assets occur and may exhibit additional volatility in periods of changing interest rates. When interest rates decline, the prepayment of mortgages or assets underlying such securities may require the reinvestment of money at lower prevailing interest rates, resulting in reduced returns.

**Regulatory Risk** – The risk that changes in government regulations may adversely affect the value of a security. An insufficiently regulated industry or market might also permit inappropriate practices that adversely affect an investment.

**Short Sale Risk** – The risk of entering into short sales includes the potential loss of more money than the actual cost of the investment, and the risk that the third party to the short sale may fail to honor its contract terms, causing a loss to a portfolio.

**Private Securities Risk** – Private securities contain the risks of their respective public securities, but these risks can be magnified due to their illiquidity and lack of public knowledge on the business. These securities are inherently more risky.

**Real Estate Risk** – The real estate market has experienced some large swings recently. Due to changes in interest rates, the lending market, economic policy, and supply and demand, in addition to illiquidity, real estate investments can carry a great deal of risk.

## **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**

Mr. Easley is also licensed to practice law but does not conduct a law practice.

## **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 but may be included in block transactions with the clients' accounts.

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. No Access Person of the Adviser may effect for himself or herself or for his or her immediate family (i.e., spouse, minor children, and adults living in the same household as the officer, director, or employee) and trusts for which the employee serves as a trustee or in which the employee has a beneficial interest any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any Adviser clients.

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 post trade approval for all securities trades (except transactions in investment company securities and/or other exempt transactions) and will be reviewed by the Chief Compliance Officer. E & G will 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. The acquisition of a beneficial ownership interest in any security in an initial public offering (as defined in Rule 204A-1(e)(6)) or in a limited offering (as defined in Rule 204A-1(e)(7)) by an Access Person is prohibited unless expressly approved in advance by the CCO.

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**

Unless client instructs E & G otherwise, the Firm may place orders for the execution of transactions with or through TD Ameritrade and, in compliance 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. For alternative investments, the Firm recommends TD Ameritrade or Charles Schwab. 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.

## **Factors Used to Select Custodians**

E&G does not maintain custody of your assets that we manage (although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account (see Item 15 Custody, below). Your assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank.

In recommending a custodian/broker-dealer, E&G looks for a company that offers relatively low transaction fees, access to desired securities, trading platforms, and support services. We may recommend clients use TD Ameritrade Institutional or Charles Schwab & Co., Inc. as the qualified custodian for their accounts when utilizing our asset management services.

## **Economic Benefits**

Neither E&G nor any of its management persons are registered as a futures commission merchant, commodity pool operator, a commodity trading advisor, broker-dealer or registered as a representative of a broker-dealer, nor does it have any pending application to register. In addition, neither E&G nor its management persons are affiliated with any broker-dealer. However, the Adviser participates in the institutional advisor program (the “Program”) offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC (“TD Ameritrade”), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisers services which include custody of securities, trade execution, clearance and settlement of transactions. E&G

receives some benefits from TD Ameritrade through its participation in the Program.

As disclosed above, E&G participates in TD Ameritrade's institutional customer program and may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between E&G's participation in the program and the investment advice it gives to its Clients, although it receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving the Firm's advisors; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to E&G by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by E&G's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit E&G but may not benefit its Client accounts. These products or services may assist the Firm in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help E&G manage and further develop its business enterprise. The benefits received by the Firm or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, E&G endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by the Firm or its related persons in and of itself creates a potential conflict of interest and may indirectly influence E&G's choice of TD Ameritrade for custody and brokerage services.

We may also recommend that our clients use Charles Schwab & Co., Inc. (Schwab), a FINRA-registered broker-dealer, member SIPC, as the qualified custodian primarily if you are investing in alternative investments. We are independently owned and operated and not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we recommend that you use Schwab as custodian/broker, you will decide whether to do so and open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you. Not all advisors require their clients to use a particular broker-dealer or other custodian selected by the advisor. Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account, as described in the next paragraph.

### **How We Select Brokers/Custodians to Recommend**

We seek to recommend a custodian who will hold your assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others, these:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- capability to execute, clear and settle trades (buy and sell securities for your account)
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- breadth of investment products made available (stocks, bonds, mutual funds, exchange traded funds (ETFs), etc.)
- availability of investment research and tools that assist us in making investment decisions
- quality of services
- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- reputation, financial strength and stability of the provider
- their prior service to us and our other clients
- availability of other products and services that benefit us, as discussed below (see “Products and Services Available to Us from Schwab”)

### **Your Custody and Brokerage Costs**

For our clients’ accounts it maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. In addition to commissions, Schwab charges you a flat dollar amount as a “prime broker” or “trade away” fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account.

### **Products and Services Available to Us from Schwab**

Schwab Advisor Services (formerly called Schwab Institutional) is Schwab’s business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients’ accounts while others help us manage and grow our business. Schwab’s support services are generally available on an unsolicited basis (we don’t have to request them) and at no charge to us. Here is a more detailed description of Schwab’s support services:

- **Services that Benefit You.** Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.
- **Services that May Not Directly Benefit You.** Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:
  - o provide access to client account data (such as duplicate trade confirmations and account statements);
  - o facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
  - o provide pricing and other market data;
  - o facilitate payment of our fees from our clients' accounts; and
  - o assist with back-office functions, recordkeeping and client reporting.
- **Services that Generally Benefit Only Us.** Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:
  - o educational conferences and events
  - o technology, compliance, legal, and business consulting;
  - o publications and conferences on practice management and business succession; and
  - o access to employee benefits providers, human capital consultants and insurance providers.

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits such as occasional business entertainment of our personnel.

### **Our Interest in Schwab's Services**

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for these services or receive them at a discounted price. These services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. Availability of these services may give us an incentive to recommend that you maintain your account with Schwab based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions.

This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian is in the best interests of our clients. It is primarily supported by the scope, quality and price of Schwab's services (based on the factors discussed above – see "How We Select Brokers/Custodians to Recommend" and not Schwab's services that benefit only us.

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.

Transactions for each client account generally will be affected independently, unless we decide to purchase or sell the same securities for several clients at approximately the same time. The Firm intends to combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among our clients' differences in prices and commission or other transaction costs. Under this procedure, transactions will be price-averaged and allocated among our clients in proportion to the purchase and sale orders placed for each client account on any given day. If the Firm does not batch client transactions that are eligible to be batched, ie same security at the same time, certain clients might receive better executions than others. By batching the transactions, all clients in the batch will receive the same price. Purchases and sales of specific securities by employees of E & G are never executed before those of clients but may be included in a block transaction with clients. Executions for clients will always receive priority but may receive the same price as employee accounts. The officers and employees of E & G report transactions monthly.

### **Item 13 – Review of Accounts**

Mark Easley will review all accounts on a no less than quarterly basis to ensure 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 pays compensation to 545 Investments, a Texas registered investment adviser, for clients it

refers to the Firm. The compensation is a portion of the advisory fees E & G collects from the referred clients and there is no additional fee to the client as a result of the referral. Prior to paying such referral fees, we will verify that 545 Investments is appropriately registered to receive such compensation. 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.

#### **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 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.

#### **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.