

Disclosure Brochure

March 31, 2011

Lowe & Associates Financial Services, Ltd.

a Registered Investment Adviser

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This brochure provides information about the qualifications and business practices of Lowe & Associates Financial Services, Ltd. (hereinafter "Lowe fs"). If you have any questions about the contents of this brochure, please contact Greg Lowe at (443) 766-7160. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about Lowe & Associates Financial Services, Ltd. is available on the SEC's website at www.adviserinfo.sec.gov.

Lowe & Associates Financial Services, Ltd. is an SEC registered investment adviser. Registration does not imply any level of skill or training.

Item 2. Material Changes

This Item discusses only the material changes that have occurred since Lowe fs' last annual update dated March 9, 2010.

Since Lowe fs' last annual update, the following material changes have occurred:

- 1) A minimum fee has been instituted.

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Supervised Person Brochure Supplements

Item 4. Advisory Business

Lowe fs is an investment adviser providing financial planning services, including cash flow planning, retirement planning, insurance analysis, estate planning analysis and investment management services. Prior to engaging Lowe fs to provide any of the foregoing investment advisory services, the client is required to enter into one or more written agreements with Lowe fs setting forth the terms and conditions under which Lowe fs renders its services (collectively the “*Agreement*”). Neither Lowe fs nor the client may assign the *Agreement* without the consent of the other party. A transaction that does not result in a change of actual control or management of Lowe fs is not considered an assignment.

Lowe fs has been in business since November 1996. Harold Lowe and Gregory Lowe are the principal owners of the firm.

Lowe fs has \$130,019,857 of assets under management as of January 31, 2011. \$85,724,576 of these assets are managed on a discretionary basis and \$44,295,281 are managed on a non-discretionary basis.

This disclosure brochure describes the business of Lowe fs. Certain sections will also describe the activities of *Supervised Persons*. *Supervised Persons* are any of Lowe fs’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on Lowe fs’s behalf and is subject to Lowe fs’s supervision or control.

Financial Planning and Consulting Services

Lowe fs may provide its clients with a broad range of comprehensive financial planning and consulting services (which may include tax-related and other non-investment related matters). These services include business planning, investments, insurance, retirement, education, estate planning, and tax and cash flow needs of the client.

In performing its services, Lowe fs is not required to verify any information received from the client or from the client’s other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. Lowe fs may recommend the services of itself, and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if Lowe fs recommends its own services. The client is under no obligation to act upon any of the recommendations made by Lowe fs under a financial planning or consulting engagement or to engage the services of any such recommended professional, including Lowe fs itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of Lowe fs’s recommendations. Clients are advised that it remains their responsibility to promptly notify Lowe fs if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Lowe fs’s previous recommendations and/or services.

Investment Management and Wealth Management Services

Clients can engage Lowe fs to manage all or a portion of their assets on a discretionary or non-discretionary basis. In addition, Lowe fs may provide clients with wealth management services which generally includes a broad range of comprehensive financial planning services as well as discretionary and/or non-discretionary management of investment portfolios.

Lowe fs primarily allocates clients' investment management assets among *Independent Managers* (as defined below), mutual funds, exchange traded funds ("ETFs"), individual debt and equity securities, as well as the securities components of variable annuities in accordance with the investment objectives of the client. Lowe fs also provides advice about any type of investment held in clients' portfolios.

Lowe fs also may render non-discretionary investment management services to clients relative to variable life/annuity products that they may own, their individual employer-sponsored retirement plans, and/or 529 plans or other products that may not be held by the client's primary custodian. In so doing, Lowe fs either directs or recommends the allocation of client assets among the various investment options that are available with the product. Client assets are maintained at the specific insurance company or custodian designated by the product.

Lowe fs tailors its advisory services to the individual needs of clients. Lowe fs consults with clients initially and on an ongoing basis to determine risk tolerance, time horizon and other factors that may impact the clients' investment needs. Lowe fs ensures that clients' investments are suitable for their investment needs, goals, objectives and risk tolerance.

Clients are advised to promptly notify Lowe fs if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon Lowe fs's management services.

Use of Independent Managers

As mentioned above, Lowe fs recommends that certain clients authorize the active discretionary management of a portion of their assets by and/or among certain independent investment managers ("*Independent Managers*"), based upon the stated investment objectives of the client. The terms and conditions under which the client engages the *Independent Managers* are set forth in a separate written agreement between Lowe fs or the client and the designated *Independent Managers*. Lowe fs renders services to the client relative to the discretionary and/or non-discretionary selection or recommendation of *Independent Managers*. Lowe fs also monitors and reviews the account performance and the client's investment objectives. Lowe fs receives an annual advisory fee which is based upon a percentage of the market value of the assets being managed by the designated *Independent Managers*.

When recommending or selecting an *Independent Manager* for a client, Lowe fs reviews information about the *Independent Manager* such as its disclosure statement and/or material supplied by the *Independent Manager* or independent third parties for a description of the *Independent Manager's*

investment strategies, past performance and risk results to the extent available. Factors that Lowe fs considers in recommending an *Independent Manager* include the client's stated investment objectives, management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fees charged by the designated *Independent Managers*, together with the fees charged by the corresponding designated broker-dealer/custodian of the client's assets, may be exclusive of, and in addition to, Lowe fs's investment advisory fee set forth above. As discussed above, the client may incur additional fees than those charged by Lowe fs, the designated *Independent Managers*, and corresponding broker-dealer and custodian.

In addition to Lowe fs's written disclosure statement, the client also receives the written disclosure statement of the designated *Independent Managers*. Certain *Independent Managers* may impose more restrictive account requirements and varying billing practices than Lowe fs. In such instances, Lowe fs may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Managers*.

If Lowe fs refers a client to an *Independent Manager* where Lowe fs's compensation is included in the advisory fee charged by such *Independent Manager* and the client engages the *Independent Manager*, Lowe fs shall be compensated for its services by receipt of a fee to be paid directly by the *Independent Manager* to Lowe fs in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, as amended, and any corresponding state securities laws, rules, regulations, or requirements. Any such fee is paid solely from the *Independent Manager's* investment management fee, and does not result in any additional charge to the client.

Additions and Withdrawals to Accounts

Clients may make additions to and withdrawals from their account at any time, subject to Lowe fs's right to terminate an account. Clients may withdraw account assets on notice to Lowe fs, subject to the usual and customary securities settlement procedures. However, Lowe fs designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives.

Item 5. Fees and Compensation

Lowe fs offers its services on a fee basis, which may include hourly and/or fixed fees, as well as fees based upon assets under management. Alternatively, certain of Lowe fs's *Supervised Persons* may offer insurance products under a commission arrangement.

Financial Planning and Consulting Fees

Lowe fs may charge a fixed fee and/or hourly fee for financial planning and consulting services. These fees are negotiable, but generally range from \$3,000 to \$10,000 on a fixed fee basis with annual updates to any financial plan ranging from \$1,500 to \$3,750 and/or \$250 on an hourly rate basis, depending upon the level and scope of the services and the professional rendering the financial planning and/or the consulting services. If the client engages Lowe fs for additional investment advisory services, Lowe fs may offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services.

Prior to engaging Lowe fs to provide financial planning and/or consulting services, the client is required to enter into a written agreement with Lowe fs setting forth the terms and conditions of the engagement. Generally, Lowe fs requires one-half of the financial planning / consulting fee (estimated hourly or fixed) payable upon entering the written agreement. The balance is generally due upon delivery of the financial plan or completion of the agreed upon services.

Investment Management Fee

Lowe fs provides investment management services for an annual fee based upon a percentage of the market value of the assets being managed by Lowe fs. For certain clients, Lowe fs also provides these services for a fixed fee (and which shall correspond closely to the fee schedules listed below, respectively), subject to its discretion to negotiate a lesser management fee based on the criteria stated below.

Lowe fs's annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. Lowe fs does not, however, receive any portion of these commissions, fees, and costs. Lowe fs's annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets being managed by Lowe fs on the last day of the previous quarter. The annual fee varies (between 0.50% and 1.00%) depending upon the market value of the assets under management, as follows:

<u>PORTFOLIO VALUE</u>	<u>BASE FEE</u>
Up to \$3,000,000	1.00%
Above \$3,000,000	0.75%

Wealth Management Fee

In addition, Lowé fs may provide its clients with wealth management services which generally include a broad range of comprehensive financial planning and consulting services as well as discretionary and/or non-discretionary management of investment portfolios in accordance with the investment objectives of the client. As needed, Lowé fs will develop a comprehensive financial plan which takes into consideration the business planning, investments, insurance, retirement, education, estate planning, and tax and cash flow needs of the client.

For wealth management services Lowé fs shall charge an initial planning fee of \$3,000 and an ongoing annual fee based upon a percentage of the market value of the assets being managed by Lowé fs. Lowé fs' annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. However, Lowé fs shall not receive any portion of these commissions, fees, and costs. Lowé fs' initial planning fee shall be due upon inception of the relationship and the annual fee shall be prorated and charged quarterly, in advance, based upon the market value of the assets on the last day of the previous quarter. The annual fee shall vary (between 0.75% and 1.25%) depending upon the market value of the assets under management, as follows:

PORTFOLIO VALUE	BASE FEE
Up to \$1,000,000	1.25%
\$1,000,001- \$3,000,000	1.00%
Above \$3,000,000	0.75%

Lowé fs, in its sole discretion, may negotiate to charge a lesser management fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, *pro bono* activities, etc.).

Fees Charged by Financial Institutions

As further discussed in response to Item 12 (below), Lowé fs generally recommends that clients utilize the brokerage and clearing services of Fidelity Institutional Wealth Services ("*Fidelity*") for investment management accounts.

Lowé fs may only implement its investment management recommendations after the client has arranged for and furnished Lowé fs with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions include, but are not limited to, *Fidelity*, any other broker-dealer recommended by Lowé fs, broker-dealer directed by the client, trust companies, banks etc. (collectively referred to herein as the "*Financial Institutions*").

Clients may incur certain charges imposed by the *Financial Institutions* and other third parties such as fees charged by *Independent Managers* (as defined below), custodial fees, charges imposed directly by a mutual fund or ETF in the account, which shall be disclosed in the fund's prospectus (e.g., fund

management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, for assets outside of any wrap fee programs, clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to Lowe fs's fee.

Lowe fs's *Agreement* and the separate agreement with any *Financial Institutions* may authorize Lowe fs or *Independent Managers* to debit the client's account for the amount of Lowe fs' fee and to directly remit that management fee to Lowe fs or the *Independent Managers*. Any *Financial Institutions* recommended by Lowe fs have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Lowe fs.

Fees for Management During Partial Quarters of Service

For the initial period of investment management services, the fees shall be calculated on a *pro rata* basis.

The *Agreement* between Lowe fs and the client will continue in effect until terminated by either party pursuant to the terms of the *Agreement*. Lowe fs' fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate.

Additions may be in cash or securities provided that Lowe fs reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Lowe fs may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

If assets are deposited into or withdrawn from an account after the inception of a quarter, the fee payable with respect to such assets will not be adjusted or prorated based on the number of days remaining in the quarter. Clients may withdraw account assets on notice to the Registrant, subject to the usual and customary securities settlement procedures.

Item 6. Performance-Based Fees and Side-by-Side Management

Lowe fs does not provide any services for performance-based fees. Performance-based fees are those based on a share of capital gains on or capital appreciation of the assets of a client.

Item 7. Types of Clients

Lowe fs provides its services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities.

Minimum Account Size

As a condition for starting and maintaining a relationship, Lowe fs generally does not imposes a minimum portfolio size. However, certain *Independent Managers* may impose more restrictive account requirements and varying billing practices than Lowe fs. In such instances, Lowe fs may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Managers*.

Minimum Fee

As a condition for starting and maintaining a relationship, Lowe fs generally imposes a minimum annual fee of \$2,500. This minimum fee may have the effect of making Lowe fs's service impractical for clients, particularly those with portfolios of less than \$250,000 under Lowe fs's management. Lowe fs, in its sole discretion, may waive its minimum annual fee based upon certain criteria including anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, and *pro bono* activities.

Additionally, certain *Independent Managers* may impose more restrictive account requirements and varying billing practices than Lowe fs. In such instances, Lowe fs may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Managers*.

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

Methods of Analysis

Low e fs's primarily employs fundamental and technical methods of investment analysis.

Fundamental analysis involves the fundamental financial condition and competitive position of a company. Low e fs will analyze the financial condition, capabilities of management, earnings, new products and services, as well as the company's markets and position amongst its competitors in order to determine the recommendations made to clients. The primary risk in using fundamental analysis is that while the overall health and position of a company may be good, market conditions may negatively impact the security.

Technical analysis involves the analysis of past market data rather than specific company data in determining the recommendations made to clients. Technical analysis may involve the use of charts to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. The primary risk in using technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that Low e fs will be able to accurately predict such a reoccurrence.

Investment Strategies

Low e fs utilizes research from multiple sources included SPG Trend Advisors, Ned Davis Research, *Fidelity* and The Sage Policy Group to formulate its asset allocation targets and target model portfolios. Once Low e fs establishes a current view of the environment based on economic and market conditions it formulates an investment model target. The target is reviewed regularly to ensure that the current allocation is consistent with Low e fs' views. Should a change be required based on Low e fs' research , Low e fs would implement such a change.

In order to match clients to a target allocation, Low e fs utilizes FinaMetrica risk profiling system, and also takes into account the client's goals, objectives, need for income and other factors which might impact allocation decisions. Low e fs selects securities based on allocation decisions and not based on the individual attractiveness of an individual security or holding. Specifically, Low e fs attempts to determine the most appropriate mix of equities, fixed income and cash that offers the most appropriate allocation for potential return and risk.

Low e fs may allocate holdings in ETFs, no load mutual funds, mutual funds, individual stocks, bonds, cash and Certificates of Deposit among other asset classes. Some asset classes may be more volatile individually but when considered as part of a total asset allocation mix, are appropriate.

Low e fs may invest in different geographic regions and currencies, recognizing that foreign investing has different risks such as political, currency and different accounting standards.

At any given time, Lowe fs may allocate client assets among different regions and asset classes. Lowe fs may, because of its research and strategy, have broader or more concentrated allocations among asset classes and regions from time-to-time.

Lowe fs will, from time-to-time, use its system to rebalance target allocations. A rebalancing may be the result of changes in market values and is utilized to move the portfolio back to the target. Furthermore, a rebalancing may be the result of a change in strategy or an attempt to manage a potential risk or a potential opportunity.

Lowe fs can invest up to 100% of the assets in any one of three asset classes (equities, fixed income and cash). Different target portfolio models may have different asset class and regional exposure. It is possible that one target allocation may have an asset class that another does not because of perceived or potential risk and potential rewards.

Risks

Mutual Funds and Exchange Traded Funds (ETFs)

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual funds and ETFs are subject to secondary market trading risks. Shares of mutual funds and ETFs will be listed for trading on an exchange, however, there can be no guarantee that an active trading market for such shares will develop or continue. There can be no guarantee that a mutual funds' and ETFs' exchange listing or ability to trade its shares will continue or remain unchanged. Shares of the mutual fund or ETF may trade on an exchange at prices at, above or below their most recent net asset valuation (NAV), which is the price that an investor would buy or sell the mutual fund or ETF at. The per share NAV of a mutual fund or ETF is calculated at the end of each business day, and fluctuates with changes in the market value of the mutual fund's or ETF's holdings. The trading prices of a mutual fund's or ETF's shares may differ significantly from NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's ETF's shares trading at a premium or discount to NAV.

Market Risks

The profitability of a significant portion of Lowe fs's recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that Lowe fs will be able to predict those price movements accurately.

Use of Independent Managers

Lowe fs may recommend the use of *Independent Managers* for certain clients. Lowe fs will continue to do ongoing due diligence of such managers, but the such recommendations relies, to a great extent, on the *Independent Managers* ability to successfully implement their investment strategy. In addition, Lowe fs does not have the ability to supervise the *Independent Managers* on a day-to-day basis, if at all.

Management Through Similarly Managed Accounts

Lowe fs manages portfolios by allocating portfolio assets among various mutual funds and/or securities on a discretionary basis using one or more of its proprietary investment strategies (collectively referred to as “*investment strategy*”). In so doing, Lowe fs buys, sells, exchanges and/or transfers shares of mutual funds / securities based upon the *investment strategy*.

Lowe fs's management using the *investment strategy* complies with the requirements of Rule 3a-4 of the Investment Company Act of 1940, as amended. Rule 3a-4 provides similarly managed accounts, such as the *investment strategy*, with a safe harbor from the definition of an investment company.

The *investment strategy* may involve an above-average portfolio turnover that could negatively impact upon the net after-tax gain experienced by an individual client. Securities in the *investment strategy* are usually exchanged and/or transferred without regard to a client's individual tax ramifications. Certain investment opportunities that become available to Lowe fs's clients may be limited. As further discussed in response to Item 12 (below), Lowe fs allocates investment opportunities among its clients on a fair and equitable basis.

General Risk of Loss

Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

Item 9. Disciplinary Information

Lowe fs is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. Lowe fs does not have any required disclosures to this Item.

Item 10. Other Financial Industry Activities and Affiliations

Lowe fs is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons. Lowe fs has described such relationships and arrangements below.

Referrals to Related Certified Public Accountants

Lowe fs does not render accounting advice or tax preparation services to its clients. Rather, to the extent that a client requires accounting advice and/or tax preparation services, Lowe fs, if requested, will recommend the services of a Certified Public Accountant, all of which services shall be rendered independent of Lowe fs pursuant to a separate agreement between the client and the Certified Public Accountant. Lowe fs shall not receive any of the fees charged by any recommended Certified Public Accountant, referral or otherwise. Specifically, certain of the principals of Lowe fs are also principals of Katz Abosch Windesheim Gershman and Freedman, P.A. ("CPA"), a Certified Public Accounting firm with three locations in Maryland. As discussed above, to the extent that CPA provides accounting and/or tax preparation services to any of Lowe fs' clients, all such services shall be performed by CPA, in its separate capacity, independent of Lowe fs. Lowe fs shall not receive any portion of the fees charged by CPA, referral or otherwise.

Neither CPA, nor any of its members, are currently involved in rendering investment advice on behalf of Lowe fs.

Receipt of Insurance Commission

Certain of Lowe fs's *Supervised Persons*, in their individual capacities, are also licensed insurance agents with various insurance companies, and in such capacity, may recommend, on a fully-disclosed commission basis, the purchase of certain insurance products. While Lowe fs does not sell such insurance products to its investment advisory clients, Lowe fs does permit its *Supervised Persons*, in their individual capacities as licensed insurance agents, to sell insurance products to its investment advisory clients. A conflict of interest exists to the extent that Lowe fs recommends the purchase of insurance products where Lowe fs's *Supervised Persons* receive insurance commissions or other additional compensation.

Item 11. Code of Ethics

Lowe fs and persons associated with Lowe fs (“Associated Persons”) are permitted to buy or sell securities that it also recommends to clients consistent with Lowe fs’s policies and procedures.

Lowe fs has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws (“*Code of Ethics*”). In accordance with Section 204A of the Investment Advisers Act of 1940 (the “Advisers Act”), its *Code of Ethics* contains written policies reasonably designed to prevent the unlawful use of material non-public information by Lowe fs or any of its associated persons. The *Code of Ethics* also requires that certain of Lowe fs’ personnel (called “*Access Persons*”) report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

Unless specifically permitted in Lowe fs’s *Code of Ethics*, none of Lowe fs’ *Access Persons* may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the *Access Person*) any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of Lowe fs’ clients.

When Lowe fs is purchasing or considering for purchase any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when Lowe fs is selling or considering the sale of any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security. These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers’ acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients may contact Lowe fs to request a copy of its *Code of Ethics*.

Item 12. Brokerage Practices

As discussed above, in Item 5, Lowe fs generally recommends that clients utilize the brokerage and clearing services of *Fidelity*.

Factors which Lowe fs considers in recommending *Fidelity* or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. *Fidelity* enables Lowe fs to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by *Fidelity* may be higher or lower than those charged by other *Financial Institutions*.

The commissions paid by Lowe fs's clients comply with Lowe fs' duty to obtain "best execution." Clients may pay commissions that are higher than another qualified *Financial Institution* might charge to effect the same transaction where Lowe fs determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a *Financial Institution's* services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Lowe fs seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Lowe fs periodically and systematically reviews its policies and procedures regarding its recommendation of *Financial Institutions* in light of its duty to obtain best execution.

The client may direct Lowe fs in writing to use a particular *Financial Institution* to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that *Financial Institution*, and Lowe fs will not seek better execution services or prices from other *Financial Institutions* or be able to "batch" client transactions for execution through other *Financial Institutions* with orders for other accounts managed by Lowe fs (as described below). As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, Lowe fs may decline a client's request to direct brokerage if, in Lowe fs's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Transactions for each client generally will be effected independently, unless Lowe fs decides to purchase or sell the same securities for several clients at approximately the same time. Lowe fs may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among Lowe fs' clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among Lowe fs' clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that Lowe fs determines to aggregate client orders for the purchase or sale of securities, including

securities in which Lowe fs' *Supervised Persons* may invest, Lowe fs shall generally do so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. Lowe fs shall not receive any additional compensation or remuneration as a result of the aggregation. In the event that Lowe fs determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, Lowe fs may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist Lowe fs in its investment decision-making process. Such research generally will be used to service all of Lowe fs's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because Lowe fs does not have to produce or pay for the products or services.

Software and Support Provided by Financial Institutions

Lowe fs may receive from *Fidelity*, without cost to Lowe fs, computer software and related systems support, which allow Lowe fs to better monitor client accounts maintained at *Fidelity*. Lowe fs may receive the software and related support without cost because Lowe fs renders investment management services to clients that maintain assets at *Fidelity*. The software and related systems support may benefit Lowe fs, but not its clients directly. In fulfilling its duties to its clients, Lowe fs endeavors at all times to put the interests of its clients first. Clients should be aware, however, that Lowe fs's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence Lowe fs's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

Additionally, Lowe fs may receive the following benefits from *Fidelity* through the Fidelity Registered Investment Advisor Group: receipt of duplicate client confirmations and bundled duplicate statements;

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access to a trading desk that exclusively services its Registered Investment Advisor Group participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

Item 13. Review of Accounts

For those clients to whom Lowe fs provides investment management services, Lowe fs monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. For those clients to whom Lowe fs provides financial planning and/or consulting services, reviews are conducted on an “as needed” basis. Such reviews are conducted by one of Lowe fs’s investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with Lowe fs and to keep Lowe fs informed of any changes thereto. Lowe fs shall contact ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client’s financial situation and/or investment objectives.

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. Those clients to whom Lowe fs provides investment advisory services will also receive a report from Lowe fs that may include such relevant account and/or market-related information such as an inventory of account holdings and account performance on a quarterly basis. Clients should compare the account statements they receive from their custodian with those they receive from Lowe fs.

Those clients to whom Lowe fs provides financial planning and/or consulting services will receive reports from Lowe fs summarizing its analysis and conclusions as requested by the client or otherwise agreed to in writing by Lowe fs.

Item 14. Client Referrals and Other Compensation

Lowe fs is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. In addition, Lowe fs is required to disclose any direct or indirect compensation that it provides for client referrals.

If a client is introduced to Lowe fs by either an unaffiliated or an affiliated solicitor, Lowe fs may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Advisers Act and any corresponding state securities law requirements. Any such referral fee shall be paid solely from Lowe fs' investment management fee, and shall not result in any additional charge to the client. If the client is introduced to Lowe fs by an unaffiliated solicitor, the solicitor shall provide the client with a copy of Lowe fs' written disclosure statement which meets the requirements of Rule 204-3 of the Advisers Act and a copy of the solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement including compensation. Any affiliated solicitor of Lowe fs shall disclose the nature of his/her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of Lowe fs' written disclosure statement at the time of the solicitation.

Lowe fs may receive economic benefits from non-clients for providing advice or other advisory services to clients. This type of relationship poses a conflict of interest and any such relationship is disclosed in response to Item 10, above.

Item 15. Custody

Lowe fs' *Agreement* and/or the separate agreement with any *Financial Institution* may authorize Lowe fs through such *Financial Institution* to debit the client's account for the amount of Lowe fs's fee and to directly remit that management fee to Lowe fs in accordance with applicable custody rules.

The *Financial Institutions* recommended by Lowe fs have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Lowe fs. In addition, as discussed in Item 13, Lowe fs also sends periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the *Financial Institutions* and compare them to those received from Lowe fs.

Item 16. Investment Discretion

Lowe fs may be given the authority to exercise discretion on behalf of clients. Lowe fs is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. Lowe fs is given this authority through a power-of-attorney included in the agreement between Lowe fs and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). Lowe fs takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made; and
- The *Independent Managers* to be hired or fired.

Item 17. Voting Client Securities

Lowe fs is required to disclose if it accepts authority to vote client securities. Lowe fs does not vote client securities on behalf of its clients.

Item 18. Financial Information

Lowe fs does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance. In addition, Lowe fs is required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. Lowe fs has no disclosures pursuant to this Item.

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Prepared by:



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