

**Firm Brochure**  
(Part 2A of Form ADV)

**MOWERY CAPITAL MANAGEMENT, LLC**  
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This brochure provides information about the qualifications and business practices of MOWERY CAPITAL MANAGEMENT, LLC. If you have any questions about the contents of this brochure, please contact us at: 972-818-9944, or by email at: ADVISOR@MOWERYCAPITAL.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.

Additional information about MOWERY CAPITAL MANAGEMENT, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

MARCH 31, 2011

## Material Changes

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### **Annual Update**

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

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### **Material Changes since the Last Update**

The U.S. Securities and Exchange Commission issued a final rule in July 2010 requiring advisers to provide a Firm Brochure in narrative “plain English” format. The new final rule specifies mandatory sections and organization.

(SEC registration does not imply a certain level of skill or training)

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### **Full Brochure Available**

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: 972-818-9944 or by email at: [ADVISOR@MOWERYCAPITAL.COM](mailto:ADVISOR@MOWERYCAPITAL.COM).

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# Advisory Business

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## Firm Description

MOWERY CAPITAL MANAGEMENT, LLC, was founded in 2002.

MOWERY CAPITAL MANAGEMENT, LLC provides personalized confidential financial planning and investment management to individuals, pension and profit sharing plans, trusts, estates, charitable organizations and small businesses. Advice is provided through consultation with the client and may include: determination of financial objectives, identification of financial problems, cash flow management, tax planning, insurance review, investment management, education funding, retirement planning, and estate planning.

Other professionals (e.g., lawyers, accountants, insurance agents, etc.) are engaged directly by the client on an as-needed basis. Conflicts of interest will be disclosed to the client in the unlikely event they should occur.

The initial meeting, which may be by telephone, is free of charge and is considered an exploratory interview to determine the extent to which financial planning and investment management may be beneficial to the client.

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## Principal Owners

MOWERY CAPITAL MANAGEMENT, LLC, is organized as a Texas Limited Liability Company. Frederick E. Mowery is a 60% member. South Ocean Management, Inc is a 40% member.

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## Types of Advisory Services

MOWERY CAPITAL MANAGEMENT, LLC provides investment supervisory services, also known as asset management services and manages investment advisory accounts not involving investment supervisory services.

On more than an occasional basis, MOWERY CAPITAL MANAGEMENT, LLC furnishes advice to clients on matters not involving securities, such as financial planning matters, insurance issues, and trust services that often include estate planning.

As of MARCH 31, 2011, MOWERY CAPITAL MANAGEMENT, LLC manages approximately \$ 31 million in assets for approximately 65 clients or client families. Approximately \$31 million is managed on a discretionary basis, and none is managed on a non-discretionary basis.

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## Types of Agreements

The following agreements define the typical client relationships.

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**Advisory Services Agreement**

For some corporate clients, MOWERY CAPITAL MANAGEMENT, LLC provides portfolio research and analysis, asset allocation recommendations, and performance accounting using the ADVENT Axys system.

The fees for this service vary with the amount of work involved and are billed monthly.

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**Investment Advisory Agreement**

An Investment Advisory Agreement may be executed when financial planning is not provided as part of the relationship. The annual fee for an Investment Advisory Agreement is negotiable

The annual Investment Advisory fee is based on a percentage of the investable assets according to the following schedule:

- 1.95% on the first \$100,000;
- 1.50% on the next \$150,000;
- 1.25% on the next \$250,000;
- 1.00% on the next \$500,000 (from 500,001 to 1,000,000); and
- 0.90% on the assets above \$1,000,000.

The minimum annual fee is \$1500 and is negotiable. Current client relationships may exist where the fees are higher or lower than the fee schedule above.

MOWERY CAPITAL MANAGEMENT, LLC, in its sole discretion, may waive its minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

Although the Investment Advisory Agreement is an ongoing agreement, the length of service to the client is at the client's discretion. The client or the investment manager may terminate an Agreement by written notice to the other party. At termination, fees will be billed on a pro rata basis for the portion of the quarter completed. The portfolio value at the completion of the prior full billing quarter is used as the basis for the fee computation, adjusted for the number of days during the billing quarter prior to termination.

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**Asset Management**

Assets are invested primarily in exchange listed securities and exchange-traded funds, usually through discount brokers or fund companies. Fund companies charge each fund shareholder an investment management fee that is disclosed in the fund prospectus. Discount brokerages may charge a transaction fee for the purchase of some funds.

Stocks and bonds may be purchased or sold through a brokerage account when appropriate. The brokerage firm charges a fee for stock and bond trades. MOWERY CAPITAL MANAGEMENT, LLC does not receive any compensation, in any form, from fund companies.

Investments may also include: equities (stocks), warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, investment company securities (variable life insurance, variable annuities, and mutual funds shares), U. S. government securities, options contracts, futures contracts, and interests in partnerships.

Initial public offerings (IPO's) are not available through MOWERY CAPITAL MANAGEMENT, LLC.

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**Termination of Agreement**

A Client may terminate any of the aforementioned agreements at any time by notifying MOWERY CAPITAL MANAGEMENT, LLC in writing and paying the rate for the time spent on the investment advisory engagement prior to notification of termination. If the client made an advance payment, MOWERY CAPITAL MANAGEMENT, LLC will refund any unearned portion of the advance payment.

MOWERY CAPITAL MANAGEMENT, LLC may terminate any of the aforementioned agreements at any time by notifying the client in writing. If the client made an advance payment, MOWERY CAPITAL MANAGEMENT, LLC will refund any unearned portion of the advance payment.

## **Fees and Compensation**

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**Description**

MOWERY CAPITAL MANAGEMENT, LLC bases its fees on a percentage of assets under management.

Financial plans are priced according to the degree of complexity associated with the client's situation. Fees are negotiable.

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**Fee Billing**

Investment management fees are billed quarterly, in advance, meaning that we invoice you before the three-month billing period has begun. Payment in full is expected upon invoice presentation. Fees are usually deducted from a designated client account to facilitate billing. The client must consent in advance to direct debiting of their investment account.

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**Other Fees**

Custodians may charge transaction fees on purchases or sales of certain mutual funds and exchange-traded funds. These transaction charges are



usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

Performance accounting charges are a flat quarterly fee for all accounts.

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### **Expense Ratios**

Mutual funds generally charge a management fee for their services as investment managers. The management fee is called an expense ratio. For example, an expense ratio of 0.50 means that the mutual fund company charges 0.5% for their services. These fees are in addition to the fees paid by you to MOWERY CAPITAL MANAGEMENT, LLC.

Performance figures quoted by mutual fund companies in various publications are after their fees have been deducted.

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### **Past Due Accounts and Termination of Agreement**

MOWERY CAPITAL MANAGEMENT, LLC reserves the right to stop work on any account that is more than 90 days overdue. In addition, MOWERY CAPITAL MANAGEMENT, LLC reserves the right to terminate any financial planning engagement where a client has willfully concealed or has refused to provide pertinent information about financial situations when necessary and appropriate, in MOWERY CAPITAL MANAGEMENT, LLC's judgment, to providing proper financial advice. Any unused portion of fees collected in advance will be refunded within 15 days.

## **Performance-Based Fees**

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### **Sharing of Capital Gains**

MOWERY CAPITAL MANAGEMENT, LLC fees are not based on a share of the capital gains or capital appreciation of managed securities.

Some advisors offer performance fees as an alternative. This is an optional method to clients who meet the advisor's and SEC qualifications. For those that do, and that elect this fee alternative, the fee is generally a percentage of the profits earned, sometimes only after a certain minimum return has been achieved. Clients should review the pertinent fee agreement for more specifics about how this fee is charged.

## **Types of Clients**

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### **Description**

MOWERY CAPITAL MANAGEMENT, LLC generally provides investment advice to individuals, banks or thrift institutions, investment companies,

pension and profit sharing plans, trusts, estates, or charitable organizations, corporations or business entities, or other (*describe in detail*).

Client relationships vary in scope and length of service.

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**Account Minimums**

The minimum account size is \$100,000 of assets under management.

MOWERY CAPITAL MANAGEMENT, LLC has the discretion to waive the account minimum. Accounts of less than \$100,000 may be set up when the client and the advisor anticipate the client will add additional funds to the accounts bringing the total to \$100,000 within a reasonable time, or when a family of accounts meets the minimums in aggregate.

## **Methods of Analysis, Investment Strategies and Risk of Loss**

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**Methods of Analysis**

Security analysis methods may include charting, fundamental analysis, technical analysis, and cyclical analysis.

The main sources of information include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

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**Investment Strategies**

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time. Each client executes Account Documents that state their objectives and their desired investment strategy.

Other strategies may include long-term purchases, short-term purchases, trading, short sales, margin transactions, and option writing (including covered options, uncovered options or spreading strategies).

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**Risk of Loss**

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

## Disciplinary Information

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### Legal and Disciplinary

The firm and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

## Other Financial Industry Activities and Affiliations

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### Financial Industry Activities

MOWERY CAPITAL MANAGEMENT, LLC is NOT registered as a securities broker-dealer, or a futures commission merchant, commodity pool operator or commodity trading advisor.

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### Affiliations

MOWERY CAPITAL MANAGEMENT, LLC has arrangements that are material to its advisory business or its clients with a related person who is a broker-dealer, investment company, other investment advisor, financial planning firm, commodity pool operator, commodity trading adviser or futures commission merchant, banking or thrift institution, accounting firm, law firm, insurance company or agency, pension consultant, real estate broker or dealer, or an entity that creates or packages limited partnerships. *(name each as applicable).*

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

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### Code of Ethics

The employees of MOWERY CAPITAL MANAGEMENT, LLC have committed to a Code of Ethics that is available for review by clients and prospective clients upon request. The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

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### Participation or Interest in Client Transactions

MOWERY CAPITAL MANAGEMENT, LLC and its employees may buy or sell securities that are also held by clients. Employees may not trade their own securities ahead of client trades. Employees comply with the provisions of the MOWERY CAPITAL MANAGEMENT, LLC *Compliance Manual*.

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### Personal Trading

The Chief Compliance Officer of MOWERY CAPITAL MANAGEMENT, LLC is Frederick E. Mowery. He reviews all employee trades each quarter. The office manager reviews his trades. The personal trading reviews ensure that the personal trading of employees does not affect the markets, and that clients of the firm receive preferential treatment. Since most employee trades are listed securities, the trades do not affect the securities markets.

## Brokerage Practices

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### Selecting Brokerage Firms

MOWERY CAPITAL MANAGEMENT, LLC does not have any affiliation with product sales firms. Specific custodian recommendations are made to Clients based on their need for such services. MOWERY CAPITAL MANAGEMENT, LLC recommends custodians based on the proven integrity and financial responsibility of the firm and the best execution of orders at reasonable commission rates.

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### Best Execution

MOWERY CAPITAL MANAGEMENT, LLC reviews the execution of trades at each custodian each quarter. The review is documented in the MOWERY CAPITAL MANAGEMENT, LLC Compliance Manual. Trading fees charged by the custodians is also reviewed on a quarterly basis. MOWERY CAPITAL MANAGEMENT, LLC does not receive any portion of the trading fees.

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### Soft Dollars

None.

## Review of Accounts

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### Periodic Reviews

Account reviews are performed quarterly by Frederick E. Mowery. Account reviews are performed more frequently when market conditions dictate.

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### Review Triggers

Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's own situation.

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### Regular Reports

The Custodian provides monthly statements to clients. MOWERY CAPITAL MANAGEMENT, LLC clients receive periodic communications on at least an annual basis. Investment Management clients receive written annual updates. The written updates may include a net worth statement, portfolio statement, and performance reports.

## Client Referrals and Other Compensation

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### Incoming Referrals

MOWERY CAPITAL MANAGEMENT, LLC has been fortunate to receive many client referrals over the years. The referrals came from current clients,

estate planning attorneys, accountants, employees, personal friends of employees and other similar sources. The firm may compensate referring professional parties for such referrals.

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**Referrals Out**

MOWERY CAPITAL MANAGEMENT, LLC does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

## Custody

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**SEC “Custody”**

MOWERY CAPITAL MANAGEMENT, LLC does NOT retain custody of client funds. However, MOWERY CAPITAL MANAGEMENT, LLC may be considered to have custody of certain types of accounts, such as when an employee acts as a trustee of an unrelated trust and the firm acts as the investment adviser to that trust. When the firm has such custody, an annual surprise audit of those custodied accounts is performed by an independent CPA firm in compliance with SEC requirements.

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**Account Statements**

All assets are held at qualified custodians, which mean the custodians provide account statements directly to clients at their address of record at least quarterly.

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**Performance Reports**

Clients are urged to compare the account statements received directly from their custodians to the performance report statements provided by MOWERY CAPITAL MANAGEMENT, LLC.

## Investment Discretion

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**Discretionary Authority for Trading**

MOWERY CAPITAL MANAGEMENT, LLC accepts discretionary authority to manage securities accounts on behalf of clients. MOWERY CAPITAL MANAGEMENT, LLC has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold.

Discretionary trading authority facilitates placing trades in your accounts on your behalf so that we may promptly implement the investment policy that you have approved in writing.

## Voting Client Securities

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### Proxy Votes

MOWERY CAPITAL MANAGEMENT, LLC does not vote proxies on securities. Clients are expected to vote their own proxies.

When assistance on voting proxies is requested, MOWERY CAPITAL MANAGEMENT, LLC will provide recommendations to the Client. If a conflict of interest exists, it will be disclosed to the Client.

## Financial Information

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### Financial Condition

MOWERY CAPITAL MANAGEMENT, LLC does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

A balance sheet is not required to be provided because MOWERY CAPITAL MANAGEMENT, LLC does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$600 per client, and six months or more, in advance.

## Business Continuity Plan

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### General

MOWERY CAPITAL MANAGEMENT, LLC has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people.

### Disasters

The Business Continuity Plan covers natural disasters such as snow storms, hurricanes, tornados, and flooding. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, T-1 communications line outage, Internet outage, railway accident and aircraft accident. Electronic files are backed up daily and archived offsite.

### Alternate Offices

Alternate offices are identified to support ongoing operations in the event the main office is unavailable. It is our intention to contact all clients within five days of a disaster that dictates moving our office to an alternate location.

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**Loss of Key Personnel**

MOWERY CAPITAL MANAGEMENT, LLC has an agreement with another financial advisory firm to support MOWERY CAPITAL MANAGEMENT, LLC in the event of Frederick E. Mowery's serious disability or death.

## **Information Security Program**

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**Information Security**

MOWERY CAPITAL MANAGEMENT, LLC maintains an information security program to reduce the risk that your personal and confidential information may be breached.

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**Privacy Notice**

MOWERY CAPITAL MANAGEMENT, LLC is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us.

The categories of nonpublic information that we collect from you may include information about your personal finances, information about your health to the extent that it is needed for the financial planning process, information about transactions between you and third parties, and information from consumer reporting agencies, e.g., credit reports. We use this information to help you meet your personal financial goals.

With your permission, we disclose limited information to attorneys, accountants, and mortgage lenders with whom you have established a relationship. You may opt out from our sharing information with these nonaffiliated third parties by notifying us at any time by telephone, mail, fax, email, or in person. With your permission, we share a limited amount of information about you with your brokerage firm in order to execute securities transactions on your behalf.

We maintain a secure office to ensure that your information is not placed at unreasonable risk. We do not provide your personal information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated third parties that require access to your personal information, including financial service companies, consultants, and auditors. Federal and state securities regulators may review our Company records and your personal records as permitted by law.

Personally identifiable information about you will be maintained while you are a client, and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, information may be destroyed.

We will notify you in advance if our privacy policy is expected to change. We are required by law to deliver this Privacy Notice to you annually, in writing.



## Brochure Supplement (Part 2B of Form ADV)

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### Education and Business Standards

MOWERY CAPITAL MANAGEMENT, LLC requires that advisors in its employ have a bachelor's degree and further coursework demonstrating knowledge of financial planning and investment management. Additionally, advisors must have work experience that demonstrates their aptitude for financial planning and investment management.

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### Professional Certifications

SEC License's: Series 65, 63 and Group 1 Life Insurance License.

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### FREDERICK E. MOWERY, CERTIFICATIONS

Educational Background:

- Date of Birth: August 20, 1955:
- Bachelor of Business, Texas Tech University; 1978

Business Experience:

- 2002- present; Chief Investment Officer and President, Mowery Capital Management, LLC.
- 1999 – 2002; Investment Advisor, Oxford Advisors Corporation
- 1995 – 1999; President, Rushmore Investment Advisors, Inc.
- 1993 – 1995; Vice President / Senior Portfolio Manager, Comerica Bank Texas, Trust Department
- 1990 – 1993; Vice President/Portfolio Manager, Hibernia Bank Texas
- 1988 – 1990; Senior Financial Consultant, Cambridge Newport Companies
- 1985 – 1988; Investment Counselor, Gillespie and Holland, Inc.

Disciplinary Information: None

Other Business Activities: Life Insurance

Additional Compensation: Life Insurance Commissions

Supervision:

Frederick E. Mowery is supervised by self.

SUPERVISOR'S contact information:

972-818-9944 ADVISOR@MOWERYCAPITAL.COM

Arbitration Claims: None, Self-Regulatory Organization or Administrative Proceeding: None, Bankruptcy Petition: None