

BOWEN, HANES & COMPANY, INC.

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February 14, 2012

**FORM ADV PART 2
BROCHURE**

This brochure provides information about the qualifications and business practices of Bowen, Hanes & Company, Inc. If you have any questions about the contents of this brochure, please contact us at (404) 995-0507 and/or dlk3@bowenhanes.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 Bowen, Hanes & Company, Inc. is also available on the SEC's website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for Bowen, Hanes & Company, Inc. is 105153.

Bowen, Hanes & Company, Inc. is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Material Changes

Investment Advisers are required to prepare a disclosure document ("Brochure") that describes the firm and its business practices. Pursuant to SEC rules, we are required to update our Brochure at least annually and provide you with a summary of any material changes since the previous annual amendment.

We have prepared the updated Brochure, dated February 14, 2012, in accordance with the annual amendment requirement. There have been no material changes since our last Brochure dated March 28, 2011.

With this summary, we hereby offer to deliver a complete copy of our Investment Adviser Brochure upon your request at any time during the year. You may request our Brochure at any time by contacting David Kelly, Chief Compliance Officer, at 404-995-0507 or dlk3@bowenhanes.com.

Additional information about Bowen, Hanes & Company, Inc. is available at www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with Bowen, Hanes & Company, Inc. who are registered as investment adviser representatives of Bowen, Hanes & Company, Inc.

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Advisory Business

Form ADV Part 2A, Item 4

A. Founded in 1972 by H.J. Bowen, Jr. as Bowen Management Company, Inc., the firm was acquired by a New York insurance holding company in 1975 and merged with a subsidiary founded by Sir John Templeton into a single investment counsel entity headquartered in Englewood Cliffs, NJ. In 1978 a reconstituted Bowen Management Company was spun off as a division and relocated to Atlanta, GA. In 1980 the company was repurchased by Mr. Bowen, and in 1981 an office was opened in Winston-Salem, NC, and the name was changed to Bowen, Hanes & Co., Inc. The principal owner of the Firm is Harold J. (Jay) Bowen, III.

B. Our principal service is investment counseling. We manage client portfolios and advise in both equity and fixed income securities. Our investment advice is primarily based on meeting investment objectives and guidelines provided by input from the client.

We operate according to a carefully formulated strategy. When implementing investment decisions, we rely primarily on our analysis of global economic trends and their impact on specific industries and companies. This is followed by a rigorous review of company specific balance sheets and income statistics and their relationship to our estimates of future sales and earnings growth potential. We believe successful portfolio management is more an art than a science.

C. Clients may request certain restrictions in their portfolios. For example, clients may impose restrictions in investing in certain securities in accordance with their values or beliefs. Restrictions are evaluated on a case-by-case basis.

D. We do not participate in any wrap fee program.

E. As of December 31, 2011, client assets managed on a discretionary basis were \$2,055,950,802. We have no client assets managed on a non-discretionary basis.

Fees and Compensation

Form ADV Part 2A, Item 5

- A. Bowen, Hanes & Company charges an investment management fee computed as a percentage of the market value of assets in the account. Our current fee schedule is calculated as follows (per annum):

1.00% on initial \$2 million
0.60% on next \$3 million
0.50% on next \$5 million
0.40% on next \$15 million
0.30% on assets greater than \$25 million

We generally adhere to this schedule of fees; however, at our sole discretion, we may agree to negotiate a different fee schedule.

- B. Clients may, but are not required, to grant Bowen, Hanes & Company the authority to debit advisory fees directly from the clients' accounts. If the client authorizes Bowen, Hanes & Company to debit fees, we are deemed to have custody of the client's funds. Clients will receive a statement, usually monthly, but no less than quarterly, directly from their account custodian. Bowen, Hanes & Company urges clients to review the information on the statement for accuracy and compare the information to any reports received directly from Bowen, Hanes & Company. Please refer to Item 15 of this document for additional disclosures relating to Custody.
- C. Bowen, Hanes & Company is not a custodian and is not affiliated with any custodian banks or brokerage firms. Client is responsible for payment of all third party fees (e.g., brokerage commissions, money market mutual fund fees, custodian fees, etc.) Clients will incur some of these fees in connection with our management of the assets. Please refer to Item 12 for an overview of brokerage services.
- D. Clients are normally billed in advance on a quarterly basis. If a client closes an account, collected fees are prorated and refunded to client within 30 days.
- E. Neither the firm nor any of its supervised persons receive any outside compensation for the sale of securities or other investment products.

Performance-Based Fees and Side-By-Side Management

Form ADV Part 2A, Item 6

We do not accept performance-based fees or fees based on a share of capital gains or capital appreciation.

Types of Clients

Form ADV Part 2A, Item 7

We provide investment counseling services to high net worth individuals, pension and profit sharing plans (municipal and corporate), charities, endowments, trusts, and foundations.

The minimum desired account is \$3 million; however, each client will be evaluated on an individual basis, and the minimum is not an absolute requirement.

Methods of Analysis, Investment Strategies and Risk of Loss

Form ADV Part 2A, Item 8

- A. Investing in financial securities involves risk of loss that clients should be prepared to bear. Bowen, Hanes & Company uses its best judgment and good faith efforts in providing advisory client services to clients. Bowen, Hanes & Company cannot warrant or guarantee any particular level of account performance or that an account will be profitable over time. Not every investment decision or recommendation made by Bowen, Hanes & Company will be profitable. Investments in securities are subject to various market, currency, inflation, economic, political and business risks. Bowen, Hanes & Company attempts to minimize these risks by constructing diversified portfolios appropriate for the specific risk parameters of the investment strategy.

We adhere to a top-down strategy. Our investment objective is to achieve superior long-term results for our clients with a high-quality approach. Our top-down approach is rooted in the belief that the analysis of various global trends is vital when allocating funds to financial assets. We begin with a broad analysis of global macroeconomic, political, and technological trends, with our objective being to ascertain how these trends will impact the financial markets. Next we begin our industry analysis. Our top-down approach leads us to emphasize those sectors that we feel have the most potential in terms of growing their revenues and earnings, not only in the U.S., but in virtually every region in the world. Particular emphasis is given to those industries and companies that have a strategic and international business plan that focuses on those countries that display economic vibrancy, including currency stability, rising real incomes, and improving living standards. Last, we examine the individual company. We use a variety of proprietary valuation techniques to assess whether a company warrants investment consideration. With this approach, we are both growth and value managers. Rigid analysis of economic, political, and technological trends leads us to the industries that we feel have the most growth potential. We then look for companies that we think represent the best value within those industries. This means that we are going to be over-weighted in certain industries and underweighted in others.

In many instances, clients rely on Bowen, Hanes & Company to manage their funds in a balanced fashion to include both stocks and bonds. When employing such an approach, equities are relied upon for capital appreciation and fixed income securities are used for stability and income.

The strategy for fixed income places a major emphasis on the following:

- Interest Rate Anticipation – Commitments to securities are made when value is perceived from both a price and yield standpoint.
- Preservation of Capital – Quality and safety are of paramount importance

when selecting bonds. Thus, we emphasize investment grade securities when making commitments.

- Buy and Hold Strategy – The objective is to provide both income and stability, as opposed to seeking a total return through aggressive trading.
- B. Any past performance is not indicative of future results. We generally pursue investment strategies that do not involve significant or unusual risk beyond that of the typical domestic and/or international equity markets.
- C. Bowen, Hanes & Company does not recommend primarily a particular type of security.

Disciplinary Information

Form ADV Part 2A, Item 9

- A. Neither Bowen, Hanes & Company nor any of its employees have ever had any disciplinary actions. There are no criminal or civil actions to report, and there are no regulatory administrative proceedings.

Other Financial Industry Activities and Affiliations

Form ADV Part 2A, Item 10

- A. Neither Bowen, Hanes & Company, Inc. nor its representatives are registered, or have an application pending to register, as a broker/dealer or a registered representatives of a broker dealer.
- B. Neither Bowen, Hanes & Company, Inc. nor its representatives are registered, or have an application pending to register, as a Futures Commissions Merchant, Commodity Pool Operator, or a Commodity Trading Advisor, or an associated person of the foregoing entities.
- C. Bowen, Hanes & Company, Inc. has no affiliations with other organizations or entities.
- D. Bowen, Hanes & Company, Inc. does not utilize or select other advisors or third party managers. All assets are managed in-house.

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

Form ADV Part 2A, Item 11

- A. Bowen, Hanes & Company Code of Ethics meets the requirements of Rule 204A-1 of the Advisors Act and will be provided upon request. This Code of Ethics is based on the principle that all employees of the company and certain other persons have a fiduciary duty to place the clients' interest ahead of their own or the company's and to comply with all federal securities laws. The adopted Code of Ethics outlines strict ethical standards relating to personal trading, compliance, conflicts of interest, gifts, reporting and record keeping, etc.
- B. We do not recommend to clients or buy or sell for client accounts any securities in which a person related to Bowen, Hanes & Company has a material financial interest.
- C. We firmly believe in putting our clients' interests front and center. Personal trading by employees can pose a conflict of interest. We want to be investing alongside our clients, without affecting execution prices. Our personal trading policies and procedures are designed accordingly.
- D. In order to avoid the possibility of personal trades affecting client execution prices, no personal trades are permitted on the same day as in client accounts if the shares are more than 5,000 or the market capitalization of the company is less than \$2 billion. All employees are required per the Code of Ethics to report their personal securities holdings within ten days of being hired. Each employee and any plan and/or account maintained by Bowen, Hanes & Company for its employees is required to report all securities transactions following the end of each calendar quarter. Each employee and related person is required to provide a list of all securities and commodities accounts and a list of reportable securities holdings on an annual basis, prior to January 31. The Securities Trading Monitor and another officer of the firm reviews all personal investment activity to ensure employee and/or related persons trading activity does not conflict with advice provided to clients.

Brokerage Practices

Form ADV Part 2A, Item 12

A. A number of factors are taken into consideration in selecting broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions) such as quality of service, cost of service, value of research, effectiveness of communication, and the ability to execute and settle difficult trades.

1. In some instances, Bowen, Hanes & Company receives research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions ("soft dollar benefits"). We rely primarily on in-house research; however, soft dollars are used to purchase outside research from various vendors. We may pay a brokerage commission in excess of that which another broker might have charged for executing the same transaction in order to generate soft dollars, depending on the value of research and/or services provided by that broker.

- a) Bowen, Hanes & Company uses client brokerage commissions (or markups or markdowns) to obtain research or other products or services. The client receives a benefit because the client does not have to pay to produce or pay for the research, products or services.
- b) Bowen, Hanes & Company may have an incentive to select or recommend a broker-dealer based on our interest in receiving the research or other products or services, rather than on our clients' interest in receiving most favorable execution.
- c) Our primary objective is best execution; however, we select brokers who furnish research and other services to us. The client may pay a commission (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits. If we determine that such commission is fair in view of the research services being provided, we will proceed with the purchase and/or sale knowing that the client ultimately benefits.
- d) We use soft dollar benefits to service all of our client accounts, not just those who paid for the benefits. We do not seek to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits each account generates.
- e) Our soft dollar broker/dealer is BNY ConvergeX. The following are examples of research and services that were provided via soft dollars:
 - Econoclast – macroeconomic
 - High Frequency Economics – global macroeconomic information
 - Intermarket Forecasting – macroeconomic

- Laffer Associates – economic data / global politics
- Reuters America – company specific research and data
- TIS Group, Inc. -- top-down themes

f) We develop an annual soft dollar budget, which is funded through client commissions via BNY ConvergeX to pay for research and services, some of which are listed above in A.1.(e).

2. When selecting broker-dealers, neither Bowen, Hanes & Company nor any related persons receives client referrals from any broker-dealers or third party.

3. a) We do not recommend, request or require that a client direct us to execute transactions through a specified broker-dealer.

b) When a client directs brokerage, we are only responsible for negotiating commission rates within the agreed framework set forth by client, which may not be competitive in every instance. If and when a client does this, they must understand that we no longer have discretion, they may incur additional costs, and broker commissions, executions, services, and fees may be impacted by the client specifically directing their brokerage.

B. Bowen, Hanes & Company does not aggregate client equity orders for the purposes of "block trading." Not doing so may **potentially** cause clients to receive less favorable pricing and higher commission rates. Our experience has shown that trading in each individual account on a customized basis may produce more efficient results than block trading. However, due to the nature of fixed income trading, we have determined that it is more cost effective to aggregate bond trades.

Review of Accounts

Form ADV Part 2A, Item 13

- A. Our policy calls for each portfolio to be reviewed at least once monthly by either the firm's President or Chief Investment Officer, and at least weekly by the Portfolio Manager in charge. It is intended that only a limited number of client relationships be assigned to each Portfolio Manager. There is no particular sequence in which portfolios are reviewed on a weekly basis. The review includes client objectives, suitability of security, analysis of cash or short term investments, and equity and fixed income ratios to ensure consistency within current firm thinking on the economy and financial markets, etc.
- B. All securities held by clients are constantly monitored and any significant development such as a change in earnings or dividend outlook, new management, legal problems, etc., will trigger an immediate review of all appropriate accounts. A cross index file is maintained indicating the portfolios in which each security is held.
- C. Written client reports are furnished on a quarterly basis. Such reports include a summary indicating percentage breakdown between cash, fixed income, equities, etc. It shows cost and current market value of securities, as well as annual income. We also communicate with clients via our Investment Summary Letter which accompanies the quarterly report and outlines our views on the financial markets.

Client Referrals and Other Compensation

Form ADV Part 2A, Item 14

- A. Bowen, Hanes & Company has access to free or discounted research materials from broker-dealers and/or third-party providers in exchange for recommending clients use the custodian services of various broker-dealers, specifically, Schwab. These broker-dealers may provide free industry information that does not qualify as research, such as newsletters or other publications pertaining to compliance, marketing, practice management, etc. In addition, events such as workshops or conferences may be available at reduced cost or no cost. These benefits are not provided on the basis of client transactions. Under no circumstances do any clients pay additional fees or commissions in order to obtain these products or services.
- B. Bowen, Hanes & Company does not directly or indirectly compensate any person for client referrals.

Custody

Form ADV Part 2A, Item 15

Bowen, Hanes & Company is deemed to have custody of client funds because investment advisory fees are directly debited from some client accounts. Debiting of fees is done pursuant to authorization provided by each client. Usually, monthly, but no less than quarterly, clients receive account statements directly from the custodian of their account. Custodial statements include account holdings, market values, and any activity that occurred during the period, including the deduction or investment advisory fees. We urge clients to compare information contained in the reports we provide with the account statements received directly from the account custodian. Differences in portfolio value may occur due to various factors, including but not limited to unsettled trades, accrued income, pricing of securities, or dividends earned but not received.

Investment Discretion

Form ADV Part 2A, Item 16

Our management agreement grants us discretion over the account, subject to any restrictions agreed upon as described in Item 4.C. We have the authority to determine, without obtaining client consent, the securities to be purchased and/or sold and in what amount, the broker-dealer to be used, and the commission rate. Since we do not custody the assets, we execute a Limited Power of Attorney with the custodian to facilitate trades on behalf of the client. This Power of Attorney does not allow us to withdraw or transfer assets.

Voting Client Securities

Form ADV Part 2A, Item 17

- A. We vote the proxy ballots for most of our clients, and we have formally adopted policies and procedures in this regard. A copy may be obtained upon request. We understand and appreciate that a shareholder vote is an asset, and we want to make sure every vote counts. If there is a particular issue that a client wants voted in a certain manner, we can facilitate that as well. We maintain a record of all voted proxies. In the event of a conflict of interest, which would be highly unusual, the compliance officer will obtain client consent before voting. The compliance officer will provide the client with sufficient information regarding the shareholder vote and the advisor's potential conflict so that the client can make an informed decision whether or not to consent.
- B. If a client has not granted us the authority to vote their proxies, we will coordinate with their custodian to have ballots sent directly to the client.

Financial Information

Form ADV Part 2A, Item 18

- A. We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.
- B. We have been in business for over three decades and our business is financially sound. There is absolutely no condition that is reasonably likely to impair our ability to meet our contractual commitments to clients.
- C. We have never been the subject of a bankruptcy petition.