



McGowan Group Asset Management, Inc.
200 Crescent Court
Suite #657
Dallas, TX 75201

Firm Contact:
Ismael L. Sanchez, Chief Compliance Officer

Firm's Website Addresses:
www.themcgowangroup.com
www.networthradio.com

This brochure provides information about the qualifications and business practices of McGowanGroup Asset Management, Inc. If you have any questions about the contents of this brochure, please contact by telephone at 214-720-4400 or email at ismaels@themcgowangroup.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 McGowanGroup Asset Management, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov.

Please note that the use of the term "Registered Investment Adviser" and description of McGowanGroup Asset Management, Inc. and/or our associates as "registered" does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firm's associates who advise you for more information on the qualifications of our firm and its employees.

Item 2: Material Changes to Part 2A Appendix 1 of Form ADV: Wrap Fee Program Brochure

McGowanGroup Asset Management, Inc. (MGAM) is required to advise you of any material changes to our Firm Brochure ("Brochure") from our last annual update, identify those changes on the cover page of our Brochure or on the page immediately following the cover page, or in a separate communication accompanying our Brochure. We must state clearly that we are discussing only material changes since the last annual update of our Brochure, and we must provide the date of the last annual update of our Brochure.

Below are the material changes that have occurred since our last filing:

- Since our last annual amendment filing on 03/31/2014, we have updated our total Assets Under Management (AUM) number as of 3/1/2015. Please see Item 4 E of the ADV 2A.
- MGAM's Broker Dealer relationship with Spire Securities was terminated on 12/31/2014. Additionally, all dually registered Advisory representatives of MGAM had their registrations terminated with Spire Securities on 12/31/2014.
- MGAM now operates solely as a Registered Investment Adviser utilizing Pershing Advisor Solutions, LLC/Pershing LLC ("PAS" or "PAS/Pershing") for asset custody and clearing services.
- MGAM's updated model investment portfolios are now listed under Item 8 of the ADV 2A.
- Ismael L. Sanchez joined MGAM as the new Chief Compliance Officer in June 2014.

Item 3: Table of Contents

| <u>Topic:</u> | <u>Pages:</u> |
|---|----------------------|
| Item 1: Cover Page for Part 2A Appendix 1 of Form ADV: Wrap Fee Program Brochure | 1 |
| Item 2: Material Changes to Part 2A Appendix 1 of Form ADV: Wrap Fee Program Brochure | 2 |
| Item 3: Table of Contents | 3 |
| Item 4: Services Fees and Compensation | 4 |
| Item 5: Account Requirements & Types of Clients..... | 5 |
| Item 6: Fee Based Portfolio Management | 6 |
| Item 7: Additional Information | 7 |

Item 4: Service Fees and Compensation

We offer wrap fee programs as described in this Wrap Fee Program Brochure. Our wrap fee accounts are managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance, etc.

A. Our Asset Management Wrap Fee Program:

We emphasize continuous and regular account supervision. As part of our asset management service, we generally create a portfolio, consisting of individual stocks or bonds, exchange traded funds ("ETFs"), options, mutual funds and other public and private securities or investments. The client's individual investment strategy is tailored to their specific needs and may include some or all of the previously mentioned securities. Each portfolio will be initially designed to meet a particular investment goal, which we determine to be suitable to the client's circumstances. Once the appropriate portfolio has been agreed upon, we generally review the portfolio at least annually and, if necessary, rebalance the portfolio based upon the client's individual needs, stated goals, and objectives.

MGAM Wrap Fee Schedule

Multi - Tier

| <u>Assets Under Management</u> | <u>Annual Advisory Fee</u> |
|--------------------------------|----------------------------|
| \$0 - \$499,999 | 1.50% |
| \$500,000 - \$2,999,999 | 0.99% |
| \$3,000,000 - \$10,000,000 | 0.88% |
| \$10,000,001 + | 0.59% |

OR

Single - Tier

\$0 - \$10,000,000+ _____%

*Our firm's fees are billed quarterly in advance based on the value of the account on the last business day of the previous quarter. Accounts established during the billing cycle will be charged pro-rata based on the initial account balance. Fees are adjusted for larger deposits and withdrawals.

- B. Explanation that a wrap fee program may cost you more or less than purchasing such services separately and description of the factors that bear upon the relative cost of the program, such as the cost of the services if provided separately and the trading activity in your account(s).

A wrap fee programs allows our clients to pay a specified fee for investment advisory

services and the execution of transactions. The advisory services may include portfolio management and/or advice concerning selection of other advisers, and the fee is not based directly upon transactions in your account. Your fee is bundled with our costs for executing transactions in your account(s). This results in a higher advisory fee to you. We do not charge our clients higher advisory fees based on their trading activity, but you should be aware that we may have an incentive to limit our trading activities in your account(s) because we are charged for executed trades. By participating in a wrap fee program, you may end up paying more or less than you would through a non-wrap fee program where a lower advisory fee is charged, but trade execution costs are passed directly through to you by the executing broker.

C. Description of any fees that you may pay in addition to a wrap fee, and description of the circumstances under which you may pay these fees, including, if applicable, mutual fund expenses and mark-ups, mark-downs, or spreads paid to market makers.

You may pay custodial fees, charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses), mark-ups and mark-downs, spreads paid to market makers, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. These fees are not included within the wrap-fee you are charged by our firm.

All clients are able to access statements and confirmations free of charge electronically, but if they elect to receive them physically they are assessed \$2.00 per statement/\$1.00 per confirm by PAS.

D. If someone recommending a wrap fee program to you, receives compensation as a result of your participation in the program, we must disclose this fact. Further, we are required to explain, if applicable, that the amount of the compensation may be more than what the person would receive if you participated in our other wrap fee program or paid separately for investment advice, brokerage and other services. Finally, we must explain that someone recommending a wrap fee program may have a financial incentive to recommend the wrap fee program over other programs or services.

Our investment advisory representatives receive a portion of the advisory fee that you pay us, either directly as a percentage of your overall fee or as their salary from our firm. In cases where our investment advisory representatives are paid a percentage of your overall advisory fee, this may create an incentive to recommend that you participate in a wrap fee program rather than a non-wrap fee program (where you would pay for trade execution costs) or brokerage account where commissions are charged. This is because, in some cases, we may stand to earn more compensation from advisory fees paid to us through a wrap fee program arrangement if your account is not actively traded.

Item 5: Account Requirements and Types of Clients

We impose the following requirement(s) to open or maintain an account:

- We request a minimum consolidation of \$500,000 within the first calendar year for our asset management service. Generally, this minimum account balance

requirement is not negotiable and would be required throughout the course of the client's relationship with our firm.

Types of clients we typically manage wrap fee accounts on behalf of, include:

- Individuals; Trusts, Estates or Charitable Organizations; Pension and Profit Sharing Plans; Corporations, limited liability companies and/or other business types.

Item 6: Fee Based Portfolio Management

- A. Disclosure of whether our firm or any related persons act as a portfolio manager for a wrap fee program described in the wrap fee program brochure. We must explain the conflicts of interest that we face because of this arrangement and describe how we address these conflicts of interest. Further, we must disclose whether related person portfolio managers are subject to the same selection and review as the other portfolio managers that participate in the wrap fee program. If they are not, we must describe how we select and review related person portfolio managers.

Our firm and its related persons act as portfolio manager(s) for the wrap fee program(s) previously described in this Wrap Fee Program Brochure. This may create a conflict of interest in that other investment advisory firms may charge the same or lower fees than our firm for similar services.

- B. If our firm, or any of our supervised persons covered under or investment adviser registration, act as a portfolio manager for a wrap fee program described in the wrap fee program brochure, we must respond to Items 4.B, 4.C, 4.D (Advisory Business), 6 (Performance-Based Fees and Side- By-Side Management), 8.A (Methods of Analysis, Investment Strategies and Risk of Loss) and 17 (Voting Client Securities) of Part 2A of Form ADV (Firm Brochure).

Our firm and supervised persons do act as portfolio manager(s) for a wrap fee program described in this Wrap Fee Program Brochure.

- (i) Individual Tailoring of Advice to Clients:

We offer individualized investment advice to clients utilizing the following services offered by our firm: Asset Management.

- (ii) Ability of Clients to Impose Restrictions on Investing in Certain Securities or Types of Securities:

We generally do not allow clients to impose restrictions on investing in certain securities or types of securities due to the level of difficulty this would entail in managing their account.

- (iii) Participation in Wrap Fee Programs.

We only offer wrap fee accounts to our clients, which are managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance, etc. We do not manage non-wrap fee accounts.

- (iv) Performance-Based Fees & Side by Side Management

We do not charge performance fee to our clients

(v) Methods of Analysis and Investment Strategies & Risk of Loss

A detailed description of our methods of analysis, investment strategies and Disclosure of Risk of Loss is in our ADV 2A.

C. Review of Accounts

- MGAM clients receive at least annual account reviews. The nature of these reviews is to learn whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. Only our Financial Advisors or Portfolio Managers will conduct reviews.
- Investment planning clients do not receive reviews of their written plans unless they take action to schedule an investment consultation with us. We do not provide ongoing services to investment planning clients, but are willing to meet with such clients upon their request to discuss updates to their plans, changes in their circumstances, etc.
- We may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc.
- We do provide written reports to clients. Verbal reports to clients take place on at least an annual basis when we meet with clients who subscribe to our Advisory services. Additionally, investment planning clients do not receive written or verbal updated reports regarding their investment plans unless they separately contract with us for a post-investment plan meeting or update to their initial written investment plan.

D. Voting Client Securities

MGAM votes proxies according to the specifications detailed in our ADV 2A.

Item 7: Additional Information

1. There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.
2. Advisory representatives may also be licensed as insurance agents. They may offer insurance products and receive customary fees as a result of insurance sales. A conflict of interest may arise as these insurance sales may create an incentive to recommend products based on the compensation adviser and/or our supervised persons may earn and may not necessarily be in the best interests of the client.
3. McGowan Publishing Co., Inc. ("MPC") owns the copyrights and trademarks related to NetWorth Radio and other investment publications including two prior books. Clients have purchased and or been provided copies of the two previous books. MPC has published two nationally recognized investment reference books and holds the copyrights for Spencer McGowan.
4. MPC owns the database of listeners utilized by our firm to solicit clients.

Publications by Spencer McGowan that are available for sale would be published through MPC, a separate entity from our firm.

5. A detailed description of our Code of Ethics, Interest in Client Transactions and Personal Trading is addressed under Item 11 of our ADV 2A.
6. We do not pay referral fees for client referrals.

Financial Information

We do not require nor do we solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we have not included a balance sheet for our most recent fiscal year. We have never been the subject of a bankruptcy petition at any time.