

## Part 2A of Form ADV: Firm Brochure

### Item 1 Cover Page

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**This brochure provides information about the qualifications and business practices of Lowery Thomas, LLC. If you have any questions about the contents of this brochure, please contact us at 925-254-1379. 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 Lowery Thomas, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

### Item 2 Material Changes

None

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### Item 4 Advisory Business

Lowery Thomas, LLC is a privately owned small-business with offices in Orinda, Walnut Creek and San Francisco. The principals of the firm are Mark Vicencio, Kenneth Cala and David Lowery. The firm was founded in 1999. Our main focus is investment advisory services and to a lesser extent financial planning and consulting.

#### INVESTMENT ADVISORY SERVICES

Lowery Thomas, LLC (hereinafter LT) provides Investment Advisory Services, defined as giving continuous advice to a client or making investments for a client based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, LT develops a client's personal investment policy and creates and manages a portfolio based on that policy. LT provides this service to individuals, trusts, estates and corporations. LT manages advisory accounts on a non-discretionary basis only. Account supervision is guided by the stated objectives of the client (i.e., maximum capital appreciation, capital preservation, growth, income, or growth and income). LT will create a portfolio consisting predominantly of no-load, load-waived mutual funds and Exchange Traded Funds (ETFs). LT will allocate the client's assets among various investments taking into consideration the overall management style selected by the client. The mutual funds and ETFs will be selected on the basis of any or all of the following criteria: the fund's performance history; the industry sector in which the fund invests; the track record of

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the fund's manager; the fund's investment objectives; the fund's management style and philosophy; and the fund's management fee structure. Portfolio weighting between funds and market sectors will be determined by each client's individual needs and circumstances. Clients will have the opportunity to place reasonable restrictions on the types of investments which will be made on the client's behalf. Clients will retain individual ownership of all securities. When appropriate to the needs of the client, LT may recommend the use of short sales, margin transactions or option writing. Because these investment strategies involve certain degrees of additional risk, they will only be recommended when consistent with the client's stated tolerance for risk.

### **FINANCIAL PLANNING**

LT also provides advice in the form of a Financial Plan. Clients purchasing this service will receive a written financial plan, providing the client with a detailed financial plan designed to achieve their stated financial goals and objectives.

In general, the financial plan will address any or all of the following areas of concern:

**PERSONAL:** Family records, budgeting, personal liability, estate information and financial goals.

**TAX & CASH FLOW:** Income tax and spending analysis and planning for past, current and future years. LT will illustrate the impact of various investments on a client's current income tax and future tax liability

**DEATH & DISABILITY:** Cash needs at death, income needs of surviving dependents, estate planning and disability income analysis.

**RETIREMENT:** Analysis of current strategies and investment plans to help the client achieve his or her retirement goals.

**INVESTMENTS:** Analysis of investment alternatives and their effect on a client's portfolio.

LT gathers required information through in-depth personal interviews. Information gathered includes a client's current financial status, future goals and attitudes towards risk. Related documents supplied by the client are carefully reviewed, including a questionnaire completed by the client, and a written report is prepared.

Should a client choose to implement the recommendations contained in the plan, LT suggests the client work closely with his/her attorney, Certified Public Accountant, insurance agent, and/or investment adviser. Implementation of financial plan recommendations is entirely at the client's discretion.

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### **CONSULTING**

Clients can also receive investment advice on a more limited basis. This may include advice on only an isolated area(s) of concern such as estate planning, retirement planning, or any other specific topic. LT also provides specific consultation and administrative services regarding investment and financial concerns of the client. Additionally, LT provides advice on non-securities matters. Generally, this is in connection with the rendering of estate planning, insurance, and/or annuity advice.

LT manages clients' assets on a discretionary and non-discretionary basis only. As of January 24, 2017 total assets under management: \$150,343,952.09.

### **Item 5 Fees and Compensation**

#### **FEE SCHEDULE:**

#### **INVESTMENT ADVISORY SERVICES**

The annual fee for investment advisory services will be charged in one of two ways, first, as a percentage of assets under management at 1.5% for the first \$500,000, 1.25% for the next \$500,000 and 1.0% for assets over \$1 million or, second, a flat quarterly fee. In certain circumstances, the fees may be negotiable. In addition, some accounts are pro bono.

Clients, other than those on a fixed quarterly fee, will be invoiced in arrears at the end of each calendar quarter based upon the value (market value or fair market value in the absence of market value, plus any credit balance or minus any debit balance), of the client's account at the end of the previous quarter.

#### **FINANCIAL PLANNING/CONSULTING**

Fees for either of these services will be charged in one of two ways:

1. As a fixed fee, typically ranging from \$500 - \$5,000, depending on the nature and complexity of each client's circumstances. 50 percent of this fee may be due upon signing the financial planning agreement, with the balance due upon presentation of the plan to the client.
2. On an hourly basis, ranging from \$100 - \$300 per hour, depending on the nature and complexity of each client's circumstances. An estimate for total hours will be determined at the start of the advisory relationship. 50 percent of the estimated fee may be due upon signing the advisory agreement, with the balance (based on actual hours) due upon presentation of the plan to the client.

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Typically the financial plan or consulting work will be presented to the client within 90 days of the contract date, provided that all information needed to prepare the work has been promptly provided by the client.

### **FEE OFFSET**

If a Financial Planning or Consulting client opts to contract with LT for Investment Advisory Services, LT may offer to offset a portion of the Financial Planning or Consulting fee, up to the amount of \$500, against the first year's Investment Supervisory Services fee.

### **GENERAL INFORMATION ON FEES**

In certain circumstances, all fees may be negotiable. The fee charged is calculated as described above and is not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client (SEC Rule 205(a)(1)). A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. Upon termination of any account, any earned, unpaid fees will be due and payable.

All fees paid to LT for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and exchange traded funds. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. A client could invest in a mutual fund directly, without the services of LT. In that case, the client would not receive the services provided by LT which are designed, among other things, to assist the client in determining which mutual fund(s) or exchange traded fund(s) are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and the fees charged by LT to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

LT participates in the Schwab Institutional (SI) services program offered to independent investment advisers by Charles Schwab & Company, Inc., an NASD registered broker-dealer. As part of the SI program, Schwab may impose transaction fees paid by clients on security transactions. In addition, LT has prime brokerage relationships in place with various NASD registered broker-dealers. In limited circumstances, clients that utilize individual fixed income securities in their portfolio may benefit from buying or selling bonds through LT's prime brokers. The transaction fee paid to Schwab for prime broker services is \$25 per trade and may vary without notice.

### **Item 6 Performance-Based Fees and Side-by-Side Management**

None of LT's advisors or supervised persons accepts performance-based fees.

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### **Item 7 Types of Clients**

LT provides this service to individuals, trusts, estates and corporations. Minimum account sizes vary by advisor. In some cases, minimum account requirements may be waived at the discretion of the advisor.

### **Item 8 Methods of Analysis, Investment Strategies and Risk of Loss**

LT uses asset allocation and diversification in managing client's accounts. LT will allocate the client's assets among various investments taking into consideration the client's risk tolerance, holding period and tax rates. The mutual funds and ETFs will be selected on the basis of any or all of the following criteria: the fund's performance history; the industry sector in which the fund invests; the track record of the fund's manager; the fund's investment objectives; the fund's management style and philosophy; and the fund's management fee structure. Portfolio weighting between funds and market sectors will be determined by each client's individual needs and circumstances.

LT uses various technical indicators to identify buying and selling opportunities. We emphasize a buy and hold strategy in most instances to minimize transaction costs and taxes. These strategies do not guarantee avoiding the risk of loss. In fact, investing in securities involves risk of principal and clients should be prepared that in some cases losses may be substantial.

### **Item 9 Disciplinary Information**

There are no legal or disciplinary events in regards to the firm or any of LT's advisors.

### **Item 10 Other Financial Industry Activities and Affiliations**

Mark Vicencio, President and Kenneth Cala, Vice President of LT, are both CPAs, and as such are separately employed as owners and CPAs of their sole-proprietor accounting practices. In their separate capacities as CPAs, these individuals may provide advice about securities which is incidental to their CPA practice. However, the offering of investment advice by LT is entirely separate and distinct from any recommendations made by these individuals in their separate capacities as CPAs. Mark Vicencio and Kenneth Cala anticipate splitting their time between their CPA practices and advisory activities through LT. David Lowery expects to spend 100% of his time on advisory activities.

### **Item 11 Code of Ethics, Participation of Interest in Client Transactions & Personal Trading**

A copy of LT's code of ethics is available to clients or prospective clients.

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LT or individuals associated with LT may buy or sell securities identical to those recommended to clients for their personal accounts. In addition, any related person(s) may have an interest or positions in certain securities which may also be recommended to clients.

LT's policy states that no person employed by LT may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, and therefore, preventing LT employees benefiting from transactions placed on behalf of advisory accounts.

The following situations represent a possible conflict of interest. LT has established restrictions to ensure its fiduciary responsibilities:

- A Director, officer or employee of LT shall not buy or sell securities for their personal portfolios where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry.
- No person of LT shall prefer his or her own interest to that of the advisory client.
- LT maintains a list of all securities holdings for anyone associated with this advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by LT's Chief Compliance Officer.
- The client has the right to decline to implement any advice rendered.
- The client has the right to select and choose any broker or dealer he wishes.
- LT requires that all employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
- Any employee not in observance of the above may be subject to termination.

### **Item 12 Brokerage Practices**

LT conducts periodic reviews of custodial services and broker-dealers as part of our fiduciary responsibilities to our clients. We base our decision on selecting a custodian/broker-dealer on the following criteria:

- Level of custodial services and back-office support
- Efficiency of web based platform for daily tasks in managing client accounts
- Web based account accessibility
- Number and quality of mutual fund families offered by the custodian/broker-dealer on a no-load and load waived basis
- Competitive pricing schedules for equity, exchange traded funds, mutual funds and bond trading
- Web and phone based trading platforms for equities, mutual funds, exchange traded funds and bonds
- Equity, exchange traded funds and mutual fund research quality and availability

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- Quality of charting capabilities used in research and technical analysis

Clients in need of brokerage and custodial services will have Charles Schwab & Co. recommended to them.

In addition, LT has prime brokerage arrangements with various NASD registered broker-dealers. In some instances, particularly with individual fixed income securities, clients may benefit from these arrangements. In implementing clients' fixed income portfolio, LT may inquire into the fixed income inventory of a few broker-dealers. This process enables LT to present a wider range of bond issues resulting in more choices for clients.

LT participates in Charles Schwab & Co.'s, Schwab Institutional (SI) service program. As part of the SI program, LT receives benefits that it would not receive if it did not offer investment advice. While there is no direct linkage between the investment advice given and participation in the SI program, economic benefits are received which would not be received if LT did not give investment advice to clients. These benefits include: access to client account statements, trade confirmations and tax reporting statements; utilization of a web-based trading platform; web-based research and charting capabilities; access to a trading desk serving SI participants exclusively; ability to have investment advisory fees deducted directly from client account; access to an electronic communication network for client order entry and account information; receipt of compliance publications; and access to mutual funds which generally require significantly higher minimum initial investments or are generally available only to institutional investors. The benefits received through participation in the SI program may or may not depend upon the amount of transactions directed to, or amount of assets custodied by, Charles Schwab & Co., Inc.

Due to the nature of its advisory practice and client needs, LT's does not use block trades, negotiate commissions with broker-dealers, and obtain volume discounts or best prices. Clients should understand that if they have plans implemented (the actual placement of transactions) by LT, that lower commissions or better execution may be achieved elsewhere for certain types of securities.

### **Item 13 Review of Accounts**

Investment Advisory client accounts are continuously reviewed by at least one of the firm's investment advisors. In addition, these accounts are reviewed by Mark Vicencio, President, Dave Lowery, Vice President or Ken Cala, Vice President of LT, at least quarterly usually with the issuance of written client quarterly reports. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, market, political or economic environment.

In addition to the monthly statements and trade confirmations that Investment Advisory Service clients receive from their broker-dealer, LT will provide written client quarterly



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reports that include a portfolio appraisal, investment holdings by asset class, as well as performance over various periods that are compared against various industry benchmarks.

Financial Planning/Consulting client accounts will be reviewed as contracted for at the inception of the advisory relationship.

### **Item 14 Client Referrals and Other Compensation**

LT does not compensate for client referrals. In addition, LT does not receive any compensation for giving referrals.

### **Item 15 Custody**

LT does not take custody of client assets under any circumstance.

### **Item 16 Investment Discretion**

LT manages on a discretionary and non-discretionary basis.

### **Item 17 Voting Client Securities**

LT does not vote on behalf of clients.

### **Item 18 Financial Information**

LT is not required to disclose financial information.