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## INFORMATION AND DISCLOSURE BROCHURE

THIS BROCHURE PROVIDES CLIENTS WITH INFORMATION ABOUT FOWLER FINANCIAL MANAGEMENT AND ITS INVESTMENT ADVISORY SERVICES THAT SHOULD BE CONSIDERED BEFORE ESTABLISHING AN INVESTMENT ADVISORY RELATIONSHIP. THIS INFORMATION HAS NOT BEEN APPROVED OR VERIFIED BY ANY GOVERNMENTAL AUTHORITY.

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### INTRODUCTION

Fowler Financial Management (FFM) provides financial advice, investment management, estate planning and financial planning services. FFM acts in a fiduciary capacity in its relationship with its clients. Billy J. Fowler conducts business as a sole proprietor dba Fowler Financial Management.

## **SERVICES PROVIDED**

Investment advice and management, financial and estate planning, and financial consulting are offered by FFM. Investment strategies are established based upon client needs determined through a process that includes the gathering of information regarding each client's history of investing, personal beliefs and attitudes toward investing, financial goals and objectives, and life style requirements.

Estate Planning services are offered as an integral part of the client relationship. Estate planning documents are prepared by law firms recommended by FFM or by law firms recommended by the client. The client is normally accompanied by an FFM representative in meetings with legal counsel during the development and execution of an estate plan, which may include documents such as wills, revocable trusts, family limited partnerships, irrevocable trusts, durable powers of attorney, health care powers of attorney, HIPPA disclosures, directives to physicians and other instruments that may be indicated for an individual client. FFM then provides maintenance services as required by the client's plan, along with periodic reviews of the estate plan with each client, using its "best efforts" to facilitate changing client needs and/or desires, and, changes in regulations and tax law. Neither FFM nor any of its principals, staff or estate planning specialists holds itself out as licensed to practice law and does not receive compensation of any type from law firms preparing estate planning documents for its clients nor does FFM charge a fee to its clients for estate planning services it provides.

Financial plans are the guide for FFM and its clients that provide a method of defining our client's financial goals for the maintenance of a desired life style including retirement, education of children and grandchildren, health care needs, survivorship needs, and special needs of family members. FFM considers the financial plan a critical component of its relationship with its clients in that the carefully prepared plan provides the mission statement for that relationship. Our focus is upon the achievement of our client's goals, although there is no guarantee a client's goals will be met. Financial plans are reviewed periodically and updated as needed.

Investment services are also offered for clients desiring only investment management and have employed other financial planning and estate planning services.

## **TYPES OF CLIENTS**

FFM offers investment management and planning services to individuals.

## **INVESTMENT VEHICLES AND STRATEGIES**

FFM has available substantially all types of publicly traded investments, as well as non-publicly traded strategies, available to utilize in the implementation of a client's financial plan. FFM may utilize stocks, high quality and high yield bonds, mortgage backed securities, CDs either brokered or direct with financial institutions, mutual funds, Exchange Traded Funds, and/or annuities in the implementation of a client's financial plan. Cross trading (selling and buying between client accounts) of bonds in client accounts is used when an advantage can be created for all clients party to the transaction. A client's employer provided defined contribution plans are managed using investment selections made available by the plan sponsor. We also advise our clients regarding their direct investments, such as real estate, business investment and any other investment that is considered a component of the plan to achieve their financial goals.

Investment strategies and services can be customized to meet each individual client's specific needs. Components of the strategies that require seeking investment returns over the long term that are greater than bond yields will be invested in a combination of strategic (longer term) and tactical (shorter term) styles. FFM believes the current economic and investment climate requires strategies that allow for flexibility in determining when to be invested in the various classes of investments, such as bonds, equities, currencies (hard and soft), and cash. A written investment policy is provided for each client describing the strategies that may be utilized in the pursuit of achievement of financial goals.

## **METHODS OF ANALYSIS AND SOURCES OF INFORMATION**

FFM uses a wide variety of tools and techniques in the analysis of information gathered for the purpose of making decisions relating to its investment strategies. Research information is acquired from sources that are both free and for a fee. Research subscriptions provide economic data, investment research, technical analysis, and chart services. FFM considers all disciplines of research important in making strategic and tactical investment decisions; technical and

fundamental analyses are both used as primary tools in decision making. The vast majority of such research is from third parties who have no investment vehicles for sale or other conflicts of interest related to FFM investment vehicles. All research is reviewed from a perspective that takes into consideration the investment experience of Bill Fowler, who is the FFM principal making decisions regarding investment strategies and their implementation. Multiple tools are utilized for analysis, portfolio structuring and tracking.

## **CONDITIONS FOR CLIENT RELATIONSHIPS**

Our mission is to be supportive partners of our clients in the achievement of their life goals which are financial in nature. Relationships with our full service clients are highly personalized and we believe we must have a thorough knowledge of our client's background, concerns, goals, dreams, and potential barriers to goals in order to be useful partners. We believe an honest and open communication with full disclosure is vital to a successful financial planning and advisory relationship. We consider one of our primary responsibilities within the financial planning relationship to be the discovery of problems in our client's lives that may be barriers to the achievement of their life goals and then to support our clients in the resolution of those problems.

Part of the consideration of whether a new client relationship would be appropriate is the determination of the apparent value we would bring to the relationship. Although there are many factors that influence this evaluation, generally we would expect a new client relationship to warrant a minimum fee of \$5,000 per year. This amount may be aggregated through multiple fee structures as described in "Compensation Sources" below. Flexibility in fee structure allows for FFM management of any number of different types of assets or accounts, such as a 401(k) at a client's workplace. Clients who have a substantial net worth and/or advisory needs that may include multiple types of investment assets other than registered securities, may be charged a fee based upon an annual percentage of their net worth, or a flat fee.

Termination of client relations is by thirty day written notice from either the client or FFM.

## **COMPENSATION SOURCES**

FFM is compensated for its services through a variety of negotiated fee arrangements; fees may be calculated based upon a percentage of the amount of financial assets under FFM management, a fixed fee, a fee based upon a percentage of net-worth, and/or commissions from non-variable insurance products such as term life insurance, fixed annuities, or fixed interest life insurance. FFM may receive value from various services provided by custodians or brokers, including research facilities, electronic trading, client account statements, offers of education, and other benefits, all or part of which may be provided at no cost to FFM.

Expense reimbursement to FFM is limited to client requested problem solving requiring significant out of pocket pre-approved expense.

## **FEE SCHEDULE**

All fee arrangements are separately negotiated with each client. Fees based upon percentages of account values or net worth are assessed quarterly in advance and debited from designated client accounts. Such assessments are based upon such values as of the closing of the last business day of each calendar quarter. All fees are paid quarterly in advance. Informational invoices are normally mailed to clients within 5 days of debiting of fees and fees are normally debited within 5 days of the closing of the quarter.

New accounts will have an initial fee assessed based upon the initial value of all assets deposited and prorated for the number of days remaining in the current quarter and normally will be debited within 5 business days of receipt of funds in accounts. Flat fees and fees based upon net worth are pro-rated for new clients in the same manner based upon an agreed initial value of assets.

In the event of termination of an account a refund of collected but not earned fees will be made based upon the number of days remaining in the current quarter. Calculation of the number of days remaining begins as of the 31<sup>st</sup> day after notification of termination. An exception is made if the account has not been under fee management for at least two full quarters; in such case there will be no refund of fees.

Fees based upon a percentage of assets in accounts range from an annualized minimum of .5% to a maximum of 1.9%. Flat fees begin at a minimum of \$5,000 per year. Fees based upon a percentage of net worth are set to produce a minimum of \$5,000 per year and both Flat and net worth based fees are negotiated based upon the evaluation of many factors, including projected complication of client needs, expertise required of FFM, and amount of service required for each client relationship. FFM has clients with fees that are less than the minimums described above for new clients and may be served for no monetary compensation.

## **DISCRETIONARY POWERS (LIMITED POWER OF ATTORNEY)**

FFM manages all investment accounts listed on Schedule A of the Client Agreement with full discretion under a Limited Power of Attorney given by client within the Client Agreement, except when the type of investment or account prohibits such discretion. Full discretion means that FFM makes investment purchases and sales within client accounts without being required to receive permission from client for such trades. All client portfolios are managed under an "Investment Policy Letter" setting out general parameters within which FFM will manage the portfolio. Such policy letter may contain certain client required limitations regarding types, or categories, of investments not to be used within the portfolio. Trading within client accounts does not generate commissions or additional fees to FFM, however, may generate transaction fees by a custodian or brokerage fees/commissions to third party trading companies. FFM does not share in any fees or commissions paid to such third parties.

## **ADDITIONAL COMPENSATION**

Bill Fowler holds insurance licenses in all states in which FFM has clients. Recommendations for life, annuities, disability, and long term health insurance are made to clients pursuant to determining the need through financial planning. FFM charges fees for the management of investment strategies within variable life insurance or variable annuities. Such fees are levied at negotiated rates as described in the "Fee Schedule" section above. No commissions or compensation of any kind is accepted by FFM from sources other than clients on variable life or variable annuity products. A commission may be received from insurance companies related to the sale of term insurance policies, annuities, or fixed investment life policies where there are no subaccount transactions and no excess premiums aggregated (where there are no investment funds to be managed).

## **BROKERS/CUSTODIANS**

All client funds are held in third party custodial accounts, such T.D. Ameritrade, for example. Our clients are under no obligation to execute transactions through any particular brokerage firm, affiliate or associated person. However, we recommend clients open accounts to be managed by FFM with a specific custodian in order to take advantage of the benefits offered through efficiency in trading at one custodian, and reduction in number of statements. The custodian recommended by FFM is a national firm which has been selected after comparison of services, including transaction fees, efficiency and timeliness of trade execution, services provided to clients, quality of statements and confirmations of trades, and ease of use of on-line account viewing by clients. The client account from which fees will be paid to FFM will be with the recommended custodian. FFM, through its frequent use of, and contact with, the custodian, is in virtual constant review to confirm that the recommended custodian remains a reasonable choice for recommendation to its clients. FFM receives no compensation from the custodian other than value that may be received through educational seminars, research facilities, software that facilitates trading, account monitoring and other account management service. No fee is charged either FFM or its clients by the custodian for the use of such software. Bonds are normally purchased and sold through independent brokerage firms, which allows FFM to acquire advantageous pricing. FFM selects such firms based upon consistency in bond pricing, honesty in providing information, quality of service, and availability of research. The current custodian currently charges \$25 per client transaction for handling bonds purchased from a third party dealer.

## **EDUCATION AND BUSINESS BACKGROUND**

Bill Fowler has been an asset and financial manager since 1978 and owner and sole proprietor of Fowler Financial Management since May, 1992. From 1978 through 1988 Fowler was a principal owner of companies focused on the real estate industry including the ownership of two Broker Dealer firms. He has been licensed to sell securities and been a licensed principal for over 25 years. Bill attended Texas Tech University and has completed many courses of instruction in the field of finance, business law, estate administration and planning, financial planning and tax planning. He is actively involved in continuing education in all of the disciplines relating to his responsibilities in service to his clients. Bill has been awarded Series 7, 22, 24, 39, 63 and 66 securities licenses. He was born in October of 1941 in Dalhart, Texas and was raised in the Texas Panhandle. Bill served in the US Army as a helicopter pilot in the early sixties and served in Vietnam. He then spent fourteen years as an airline pilot before resigning to focus on his business and family. Bill is active in his local church and community affairs.

Bill has lectured on financial planning and investment management as an adjunct instructor in the community college system in addition to conducting over 400 educational seminars to the public including continuing education courses for CPAs and Attorneys.

## **OTHER BUSINESS ACTIVITIES, FINANCIAL INDUSTRY ACTIVITIES OR AFFILIATIONS**

Bill Fowler is not involved in any other business activity outside of his financial management, financial planning, and consulting business known as Fowler Financial Management. He is not affiliated with any other business or firm and does not receive fees or compensation of any type from referrals he may make to such entities. Financial planning includes review and recommendations not related to investment advice or management, such as insurance, tax planning, estate planning and in other areas of a client's life. Financial planning may indicate a need for insurance products that may be recommended to clients and which may generate a commission. Insurance products that require investment management are managed by FFM under the same fee concept as other non-insurance investments. Client is not charged a fee for investment management for insurance products, such as annuities, from which FFM receives a commission.

The following is a breakdown of estimated time spent in each business activity:

Investment Management	70%
Financial Planning (including estate planning)	25%
Consulting	5%

## **PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS**

From time to time Bill Fowler may invest in securities for his own or family accounts that are also purchased for client accounts. Such investment transactions are normally included in block or "averaged pricing" transactions made for client accounts to insure executions at the same price for all accounts including family related accounts. In the event simultaneous trades and average pricing cannot be utilized for related accounts, such purchases and sells are timed as to not affect pricing of purchases or sells for client securities.

## **CODE OF CONDUCT**

"Ethical conduct" is the term used to describe the required attitude and behavior of all persons associated with FFM, and is synonymous with the word "integrity". Ethical conduct is a condition that demands honesty in all things. An ethical condition is best defined by painting a picture of what it looks like; such as a person who is acting above reproach, one who does the right thing even when no one will ever know if the right or wrong thing was done. It is doing the honest and honorable thing when it appears one would gain benefit by being dishonest. It is doing the right thing when it may hurt to do so.

As a Registered Financial Adviser under the Investment Advisers Act of 1940 my standard of conduct, related to moral responsibility in client relationships, is as a Fiduciary; one who acts in accordance with the characteristics described in the above paragraph. A component of the broad definition of this responsibility is to place each client's needs and well being above that of my own. This is the standard to which I strive to meet and maintain, and, require of FFM staff.

My written Code of Conduct is available upon request.

## **FINANCIAL CONDITION**

Bill Fowler's financial condition is "solvent". His net worth is positive, although **not substantial**. Clients are welcome to inquire into the financial condition of Bill and FFM at any time.

## **REVIEW OF ACCOUNTS**

Every managed account is reviewed and analyzed at least quarterly for compliance with client objectives and portfolio performance. All accounts are reviewed by Bill Fowler. Accounts are also reviewed any time there is a significant event or change in market conditions or upon request by a client. Confirmations of all trades within client accounts will be mailed to clients by the account custodian. Monthly statements showing all activity within the account and account values will be mailed to client by the custodian.