

**Item 1:        Cover Sheet**

**PART 2A OF FORM ADV:**  
**INFORMATIONAL BROCHURE**  
**McGOWAN & Co., LLP**  
937 Glenbrook Ave.  
Bryn Mawr, PA 19010  
[www.mcgowanco.com](http://www.mcgowanco.com)

Brendan McGowan  
610-520-2400

**3/27/20**

**This brochure provides information about the qualifications and business practices of McGowan & Co., LLP. If you have any questions about the contents of this brochure, please contact us at 610-520-2400. 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. McGowan & Co., LLP is a registered investment adviser. Registration does not imply any certain level of skill or training.**

**Additional information about McGowan & Co., LLP is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Item 2:           Statement of Material Changes**

McGowan & Co., LLP is required to disclose any material changes to this ADV Part 2A here in Item 2. There are no material changes to report.

**Item 3:           Table of Contents**

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## INFORMATIONAL BROCHURE

### MCGOWAN & CO., LLP

#### **Item 4: Advisory Business**

##### **A. Firm Information**

McGowan & Co., LLP, a Pennsylvania limited liability company (“McGowan”) has been in business since 1997. The firm’s principal owners are Brian McGowan, Brian McGowan, Jr. and Brendan McGowan.

##### **B. Advisory Services Offered**

McGowan provides personalized investment management services. The firm provides financial advice to individuals, pension and profit sharing plans, trusts, estates, charitable organizations and businesses.

##### Asset Management

Asset management services involve the rendering of advice to clients regarding the purchase and sale of securities in the client’s account.

Asset management services are typically provided on a “non-discretionary” basis. When McGowan is engaged to provide asset management services on a non-discretionary basis, McGowan will monitor the accounts to ensure that they are meeting the client’s asset allocation requirements. If any changes are needed, changes to the account will not be made until McGowan has confirmed with the client (either verbally or in writing) that the proposed change is acceptable to the client. These changes may involve selling a security or group of investments and buying others or keeping the proceeds in cash. Clients may at any time place restrictions on the way their account is managed. For example, a client may restrict the types of investments McGowan may use in the client’s account, or the allocations to a security type. It is important for clients to keep McGowan updated as to the client’s contact information, and to respond quickly when contacted for trade permission. Otherwise, the client’s account may not be traded in an efficient and timely manner, which could adversely affect performance.

In limited circumstances, a client may engage McGowan to provide investment management services on a discretionary basis. We monitor the accounts in the same way as for non-discretionary services. The difference is that if changes to the account are needed, McGowan will make the changes without the client’s prior authorization. Clients engaging McGowan on a discretionary basis will be asked to execute a Limited Power of Attorney (granting us the discretionary authority over the client accounts) as well as an Investment Management Agreement that outlines the responsibilities of both the client and McGowan.

When clients engage McGowan to provide asset management services, the client and McGowan will

execute an Investment Management Agreement that describes the services to be provided, the fees for the service, other expenses related to the provision of the investment management services, and how to terminate the agreement.

#### Wrap Program

McGowan does not participate in or sponsor a wrap program.

#### Assets under Management

As of December 31, 2019, McGowan manages approximately a total of \$361,684,104 in assets under management across 228 accounts. Of that total, \$2,502,054 is managed on a discretionary basis, in 6 accounts.

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

#### **A. Fees Charged**

All clients will be required to execute a written agreement that will describe the type of services to be provided and the fees, among other items. Clients are advised that they may pay fees that are higher or lower than fees they may pay another advisor for the same services, and may in fact pay lower fees for comparable services from other sources. Clients are under no obligation at any time to engage or to continue to engage, McGowan for investment services.

#### Asset Management

Asset Management fees will range from 0.50% to 0.90% per annum depending on the size of the account.

#### **B. Fee Payment**

Asset Management: Investment management fees will be debited directly from each client's account. The advisory fee is paid quarterly, in arrears, and the value used for the fee calculation is the gross value as of the last market day of the previous quarter. This means that if your annual fee is 1.00%, then each quarter we will multiply the value of your account by 1.00% then divide by 4 to calculate our fee. Any deposits or withdrawals in excess of \$10,000 will be taken into account as part of the calculation. Once the calculation is made, we will instruct your account custodian to deduct the fee from your account and remit it to McGowan. Clients may also be billed for services and write checks as a form of payment. Because we calculate clients' fees based on the gross value of the account, a potential conflict of interest exists in the inclusion of margined securities in the value of a client's account for the purpose of calculating fees, because doing so incentivizes an adviser to encourage clients to trade on margin. This conflict is mitigated, however, by our fiduciary duty to our clients.

Clients whose fees are directly debited will provide written authorization to debit advisory fees from their accounts held by a qualified custodian chosen by the client. Each quarter, clients will receive a bill itemizing the fees to be debited, including the formula used to calculate the fee, the amount of assets the fee is based, and the time period covered by the fee. The invoice will also state that the fee was not independently calculated by the custodian. The client will also receive a statement from their account custodian showing all transactions in their account, including the fee.

#### C. Other Fees

There are a number of other fees that can be associated with holding and investing in securities. Clients are responsible for these fees, which may include transaction fees for the purchase or sale of a mutual fund or Exchange Traded Fund, or commissions for the purchase or sale of a stock. Additional fees may also be incurred by clients whose assets are placed with a third party manager (including advisory fees paid to that manager). Expenses of a mutual fund or ETF are deducted from the value of the shares by the mutual fund manager. For complete discussion of expenses related to each mutual fund, you should read a copy of the prospectus issued by that fund. McGowan can provide or direct you to a copy of the prospectus for any fund that we recommend to you.

While McGowan does not receive any portion of the Other Fees described above, these fees are part of the overall costs of investing. Clients should review all fees, including fees payable to McGowan, in evaluating the advisory services provided by McGowan.

Please make sure to read Item 12 of this informational brochure, regarding broker-dealer and custodial issues.

#### D. *Pro-rata* Fees

If a client engages McGowan to provide asset management services during a quarter, the client will pay a management fee for the number of days assets were managed during the quarter. If a client terminates the relationship during a quarter, a final fee will be calculated to the date of termination since fees are paid in arrears and not in advance.

#### E. Compensation for the Sale of Securities.

This item is not applicable, as neither McGowan, nor any employee thereof receives any compensation for the sale of securities other than the investment advisory fees described elsewhere in this Item 5.

### **Item 6: Performance-Based Fees and Side-By-Side Management**

McGowan will not charge performance based fees.

## **Item 7:       Types of Clients**

Clients advised may include individuals, custodial, pension and profit sharing plans, trusts, estates, corporations, small businesses, and partnerships. McGowan requires each account to have a minimum of \$1,000,000. However, McGowan may waive this minimum in its discretion.

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

It is important for you to know and remember that all investments carry risks. Investing in securities involves risk of loss that clients should be prepared to bear.

At the onset of the client relationship, McGowan will:

- 1) Interview the client, establish risk tolerance, investment horizon, income/distribution needs and any other constraints that may play a role in the client's investment parameters.
- 2) Create an Investment Policy Statement, which outlines an appropriate asset allocation, including the general types of securities that would be appropriate to meet the client's needs.
- 3) If needed, McGowan will prepare a transition plan from the client's current accounts to the accounts managed by McGowan. Each client comes to McGowan with a distinct history and securities holdings unique to them. Market conditions may make a mass transition to McGowan's asset allocation guidelines not advisable, which means certain securities may need to be purchased or sold over time in an attempt to limit any transition-related losses.

### Asset Management

Each client account is separately managed, and invested according to that client's investment objectives. Once each account's objectives are ascertained, McGowan will develop a set of asset allocation guidelines. An asset allocation guideline is a percentage-based allocation among different types of assets (asset classes). For example, a client may have an asset allocation strategy that calls for 60% of the portfolio to be invested in equity securities and the remaining balance in fixed income. Another client may have an asset allocation of 75% in fixed income securities and the remainder equities. Within each main allocation may be sub-allocations. For example, a client with 60% in equities may have almost all of those equities be United States listed securities, with the balance in international securities.

The percentages in each asset type recommended by McGowan are based on the typical behavior of that security type, individual securities we follow, current market conditions, the client's current financial situation, financial goals, and the timeline to achieve those goals. Because McGowan develops an investment strategy based on each client's personal situation and financial goals, each client's asset allocation guidelines may be similar to or different from another client's. It is important to remember that because market conditions can vary greatly, asset allocation guidelines are not necessarily strict rules. Rather, we review accounts individually, and may deviate from the guidelines as we believe necessary.

Once the client's asset allocation guidelines are established, a selection of appropriate securities types is selected. The broad categories of securities McGowan works with are: individual stocks, bonds, ETF's (exchange traded funds) and mutual funds, options, variable annuities, partnerships, US government securities, Certificates of Deposit, and commercial paper. Different asset types tend to behave differently in different market environments and there can be benefits to diversification.

Specific equity and fixed income securities are chosen based on a variety of factors, including dividends, income, interest rates, company management, price to earnings ratios, and other factors. Specific mutual funds are chosen based on where its investment objective fits into the asset allocation recommended by McGowan, its risk parameters, past performance, peer rankings, fees, expenses, and any other aspects of the fund McGowan deems relevant to that particular fund. McGowan bases its conclusions on publicly available research, such as regulatory filings, press releases, purchased research, and proprietary screens and analytics.

As assets are transitioned from a client's prior advisers to McGowan, there may be securities and other investments that do not fit within the asset allocation strategy selected for the client. Accordingly, these investments will need to be sold in order to reposition the portfolio into the asset allocation strategy selected by McGowan. However, this transition process may take some time to accomplish. Some investments may not be unwound for a lengthy period of time for a variety of reasons that may include unwarranted low share prices, restrictions on trading, contractual restrictions on liquidity, or market-related liquidity concerns. In some cases, there may be securities or investments that are never able to be sold. In the event an investment in a client account is unable to be unwound for a period of time, McGowan will monitor the investment as part of its services to the client. McGowan may suggest that a given investment be moved to a separate account.

### Risks of Investing

There are always risks to investing. **Clients should be aware that all investments carry various types of risk including the potential loss of principal that clients should be prepared to bear.** It is impossible to name all possible types of risks. Among the risks are the following:

- **Political Risks.** Most investments have a global component, even domestic stocks. Political events anywhere in the world may have unforeseen consequences to markets around the world.
- **General Market Risks.** Markets can, as a whole, go up or down on various news releases or for no understandable reason at all. This sometimes means that the price of specific securities could go up or down without real reason, and may take some time to recover any lost value. Adding additional securities does not help to minimize this risk since all securities may be affected by market fluctuations.
- **Risks Associated With Taxation:** McGowan is not an accounting or legal firm, and cannot give tax advice. Each individual client's tax situation may be unique to that client. Accordingly, clients should regularly consult with their legal and tax professionals regarding the tax impact of investing as well as the tax complications of the asset management decisions made by McGowan.
- **Currency Risk.** When investing in another country using another currency, the changes in the value of the currency can change the value of your security value in your portfolio.



- **Regulatory Risk.** Changes in laws and regulations from any government can change the value of a given company and its accompanying securities. Certain industries are more susceptible to government regulation. Changes in zoning, tax structure or laws impact the return on these investments.
- **Options.** The use of options transactions as an investment strategy involves a high level of inherent risk. Although the intent of many of the options-related transactions implemented by McGowan is to hedge against principal risk, certain options-related strategies (i.e., straddles, short positions, etc), may in and of themselves, produce principal volatility and/or risk. Thus, a client must be willing to accept these enhanced volatility and principal risks associated with such strategies. In light of these enhanced risks, client may direct McGowan, in writing, not to employ any or all such strategies for his/her/their/its accounts. Clients participating in the Options Strategy should *carefully* consider all information regarding the strategy and its risks prior to participating.
- **Tax Risks Related to Short Term Trading:** Clients should note that McGowan may engage in short-term trading transactions. These transactions may result in short term gains or losses for federal and state tax purposes, which may be taxed at a higher rate than long term strategies. McGowan endeavors to invest client assets in a tax efficient manner, but all clients are advised to consult with their tax professionals regarding the transactions in client accounts.
- **Margin Risk.** “Margin” is a tool used to maximize returns on a given investment by using securities in a client account as collateral for a loan from the custodian to the client. The proceeds of that loan are then used to buy more securities. In a positive result, the additional securities provide additional return on the same initial investment. In a negative result, the additional securities provide additional losses. Margin therefore carries a higher degree of risk than investing without margin. Any client account that will use margin will do so in accordance with Regulation T. McGowan utilizes margin on a limited basis for clients with higher risk tolerances.
- **Restriction Risk:** Clients may at all times place reasonable restrictions on the management of their accounts. However, placing these restrictions may make managing the accounts more difficult, thus lowering the potential for returns.
- **Risks Related to Investment Term & Liquidity.** Securities do not follow a straight line up in value. All securities will have periods of time when the current price of the security is not an accurate measure of its value. If you require us to liquidate your portfolio during one of these periods, you will not realize as much value as you would have had the investment had the opportunity to regain its value. Further, some investments are made with the intention of the investment appreciating over an extended period of time. Liquidating these investments prior to their intended time horizon may result in losses.
- **Purchasing Power Risk.** Purchasing power risk is the risk that your investment’s value will decline as the price of goods rises (inflation). The investment’s value itself does not decline, but its relative value does, which is the same thing. Inflation can happen for a variety of complex reasons, including a growing economy and a rising money supply.
- **Business Risk.** This can be thought of as certainty or uncertainty of income. Management comes under business risk. Cyclical companies (like automobile companies) have more business risk because of the less steady income stream. On the other hand, fast food chains tend to have steadier income streams and therefore, less business risk.
- **Financial Risk.** The amount of debt or leverage determines the financial risk of a company.
- **Default Risk.** This risk pertains to the ability of a company to service their debt. Ratings provided by several rating services help to identify those companies with more risk. Obligations of the U.S. government are said to be free of default risk.

- **Short Sales.** “Short sales” are a way to implement a trade in a security McGowan feels is overvalued. In a “long” trade, the investor is hoping the security increases in price. Thus in a long trade, the amount of the investor’s loss (without margin) is the amount paid for the security. In a short sale, the investor is hoping the security decreases in price. However, unlike a long trade where the price of the security can only go from the purchase price to zero, in a short sale, the price of the security can go infinitely upwards. Thus in a short sale, the potential for loss is unlimited and unknown, where the potential for loss in a long trade is limited and knowable. McGowan utilizes short sales only when the client’s risk tolerances permit.
- **Information Risk:** All investment professionals rely on research in order to make conclusions about investment options. This research is always a mix of both internal (proprietary) and external (provided by third parties) data and analyses. Even an adviser who says they rely solely on proprietary research must still collect data from third parties. This data, or outside research is chosen for its perceived reliability, but there is no guarantee that the data or research will be completely accurate. Failure in data accuracy or research will translate to a compromised ability by the adviser to reach satisfactory investment conclusions.
- **Small Companies:** Some investment opportunities in the marketplace involve smaller issuers. These companies may be starting up, or are historically small. While these companies sometimes have potential for outsized returns, they also have the potential for losses because the reasons the company is small are also risks to the company’s future. For example, a company’s management may lack experience, or the company’s capital for growth may be restricted. These small companies also tend to trade less frequently than larger companies, which can add to the risks associated with their securities because the ability to sell them at an appropriate price may be limited as compared to the markets as a whole. Not only do these companies have investment risk, if a client is invested in such small companies and requests immediate or short term liquidity, these securities may require a significant discount to value in order to be sold in a shorter time frame.

**Item 9:           Disciplinary Information**

Neither McGowan nor any of its employees has any disciplinary information to report.

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

A. Broker-dealer

Neither McGowan nor any of its employees is registered or has a registration pending as a broker-dealer.

B. Futures Commission Merchant/Commodity Trading Advisor

Neither the principal of McGowan, nor any related persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

C. Relationship with Related Persons

Certified Public Accountant. McGowan's Principals, Brendan McGowan, Brian McGowan, and Brian McGowan, Jr., are the Managing Members of McGowan and Co., LLC, a certified public accounting firm. As owners, they receive compensation from these activities. Compensation from these services will not be used as a credit against or to offset advisory fees. The owners therefore have an incentive to recommend that clients utilize McGowan and Co., LLC for accounting and tax preparation services based on the compensation to be received, rather than on a client's needs. The receipt of additional fees for accounting and tax preparation services is therefore a conflict of interest, and clients should be aware of this conflict when considering whether to engage McGowan and Co., LLC. McGowan attempts to mitigate this conflict of interest by disclosing the conflict to clients, and informing the clients that they are always free to engage other companies or professionals that are not affiliated with McGowan and Co., LLC. McGowan also attempts to mitigate the conflict of interest by requiring employees to acknowledge in the firm's Code of Ethics, their individual fiduciary duty to the clients of McGowan, which requires that employees put the interests of clients ahead of their own.

D. Recommendations of other Advisers

Not applicable.

**Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

A. A copy of our Code of Ethics is available upon request. Our Code of Ethics includes discussions of our fiduciary duty to clients, political contributions, gifts, entertainment, and trading guidelines.

B. Not applicable. McGowan does not recommend to clients that they invest in any security in which McGowan or any principal thereof has any financial interest.

C. On occasion, an employee of McGowan may purchase for his or her own account securities which are also recommended for clients. Our Code of Ethics details rules for employees regarding personal trading and avoiding conflicts of interest related to trading in one's own account. To avoid placing a trade before a client (in the case of a purchase) or after a client (in the case of a sale), all employee trades must be pre-cleared through the Compliance Officer. All employee trades must either take place in the same block as a client trade or sufficiently apart in time from the client trade so the employee receives no added benefit. Employee statements are reviewed to confirm compliance with the trading procedures.

D. On occasion, an employee of McGowan may purchase for his or her own account securities which are also recommended for clients at the same time the clients purchase the securities. Our Code of Ethics details rules for employees regarding personal trading and avoiding conflicts of interest related

to trading in one's own account. To avoid placing a trade before a client (in the case of a purchase) or after a client (in the case of a sale), all employee trades must be pre-cleared through the Compliance Officer. All employee trades must either take place in the same block as a client trade or sufficiently apart in time from the client trade so the employee receives no added benefit. Employee statements are reviewed to confirm compliance with the trading procedures.

## **Item 12: Brokerage Practices**

### **A. Recommendation of Broker-Dealer**

McGowan recommends that investment accounts be held in custody by Schwab Advisor Services ("Schwab"). Schwab offers enhanced services to independent investment advisors. These services include custody of securities, trade execution platforms, and access to research not available to the general public. Schwab is wholly independent from McGowan. It is expected that most, if not all, transactions in a given client account will be cleared through the custodian of that account in its capacity as a broker-dealer.

McGowan recommends Schwab to its clients based on a variety of factors. These include, but are not limited to, commission costs. Schwab has what can be considered discounted commission rates. However, in choosing a broker-dealer or custodian to recommend, we are most concerned with the value the client receives for the cost paid, not just the cost. Schwab adds value beyond commission cost. Other factors that may be considered in determining overall value include speed and accuracy of execution, financial strength, knowledge and experience of staff, research and service. Schwab also has arrangements with many mutual funds that enable us to purchase these mutual funds for client accounts at reduced transaction charges (as opposed to other broker-dealers). Schwab has the highest market share of investment adviser business which makes them the most experienced in matters likely to arise for our clients. McGowan re-evaluates the use of Schwab at least annually to determine if they are still the best value for our clients.

Schwab provides us with some non-cash benefits (not available to retail customers) in return for placing client assets with them or executing trades through them. Such non-cash benefits are referred to as "soft dollars". Currently, these benefits come in the form of investment research and sponsored attendance at various investment seminars. We may also receive such items as investment software, books and research reports. These products, services, or educational seminars are items that will play a role in determining how to invest client accounts. If there is any item that has a multi-use aspect, mixed between investment and non-investment purposes, McGowan will determine a reasonable allocation of investment to non-investment use and soft dollars will be allocated only to the investment portion of the product (and we will pay the remaining cost). McGowan receives a benefit from these services, as otherwise we would be compiling the same research ourselves. This may cause us, or another adviser, to want to place more client accounts with a broker-dealer/custodian such as Schwab, solely because of these added benefits. However, the value to all of our clients of these benefits is included in our evaluation of custodians. Products and services received via soft dollars will generally be used for the benefit of all clients. However, it is possible that a given client's trades will generate soft dollars that

acquire products and/or services that are not ultimately utilized for that same client's account. Soft dollars provide additional value, and are accordingly considered in determining which broker-dealer or custodian to utilize as part of our best execution analysis.

We do not consider whether Schwab or any other broker-dealer/custodian, refers clients to McGowan as part of our evaluation of these broker-dealers.

McGowan does not recommend, request or require that clients direct McGowan to execute trades through a particular broker-dealer (directed brokerage arrangements). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer. This means that the client, and not McGowan, will be in the best position to seek and secure the best value for the costs of execution. This means that the client may not pay the most cost effective commission rates. McGowan will not be able to aggregate orders under these circumstances, which may result in higher commission costs or transaction fees because the trading costs are not allocated among a group. Clients also may not benefit from commission rates McGowan may be able to negotiate. Further, there may be some transactions in certain securities that must be placed first through McGowan's recommended broker-dealer. In some circumstances, placing those trades first may mean that a client who directs brokerage may not only pay a higher commission cost, they may also pay a higher price for a given security. In general, clients may not receive value for the commission dollar spent, may spend more than is necessary for execution services, and may have reduced gains in their accounts as a result of directing brokerage.

#### B. Aggregating Trades

Generally, McGowan's investment approach and client base negates any benefit of trade aggregation. However, in some rare instances, commission costs per client may be lower on a particular trade if all clients in whose accounts the trade is to be made are executed at the same time. This is called aggregating trades. Instead of placing a number of trades for the same security for each account, we will, when appropriate, executed one trade for all accounts and then allocate the trades to each account after execution. If an aggregate trade is not fully executed, the securities will be allocated to client accounts on a *pro rata* basis, except where doing so would create an unintended adverse consequence (For example, ¼ of a share, or a position in the account of less than 1%.)

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

All accounts will be reviewed by one of the principals of the firm at least an annual basis. However, it is expected that market conditions, changes in a particular client's account, or changes to a client's circumstances will trigger a review of accounts.

All clients will receive statements and confirmations of trades directly from Schwab. Clients also receive written quarterly reports from McGowan which outline the client's asset allocation and recent performance.

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

A. Economic Benefit Provided by Third Parties for Advice Rendered to Client

*Please refer to Item 12, where we discuss recommendation of Broker-Dealers.*

B. Compensation to Non-Advisory Personnel for Client Referrals.

McGowan does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

#### **Item 15: Custody**

McGowan deducts fees from client accounts, but would not have custody of client funds otherwise. Clients will receive statements directly from Schwab, and copies of all trade confirmations directly from Schwab.

Clients whose fees are directly debited will provide written authorization to debit advisory fees from their accounts held by a qualified custodian chosen by the client. Each quarter, clients will receive a bill itemizing the fees to be debited, including the formula used to calculate the fee, the amount of assets the fee is based, and the time period covered by the fee. The invoice will also state that the fee was not independently calculated by the custodian. The client will also receive a statement from their account custodian showing all transactions in their account, including the fee.

We may also have custody of client funds as an operational matter due to certain client's desire to establish Standing Letters of Authorization, or "SLOA's". SLOA's allow us to transfer funds at client direction without separate signatures on each transfer.

We encourage clients to carefully review the statements and confirmations sent to them by their custodian, and to compare the information on your quarterly report prepared by McGowan against the information in the statements provided directly from Schwab. Please alert us of any discrepancies.

##### Trustee Services

In very limited circumstances, a member of the firm may act as a trustee for a client's trust, or potentially as an executor or power of attorney. Clients on whose behalf the firm or a member of the firm act as trustee, executor, or power of attorney will receive statements directly from the account custodian and bank, where applicable. Clients should carefully review these statements, and compare them against any information provided by McGowan & Co., LLP.

#### **Item 16: Investment Discretion**

Asset management services are typically provided on a "non-discretionary" basis. When McGowan is engaged to provide asset management services on a non-discretionary basis, we will monitor your

accounts to ensure that they are meeting your asset allocation requirements. If any changes are needed, changes to the account will not be made until McGowan has confirmed with the client (either verbally or in writing) that the proposed change is acceptable to the client. These changes may involve selling a security or group of investments and buying others or keeping the proceeds in cash. You may at any time place restrictions on the types of investments we may use on your behalf, or on the allocations to each security type. You may receive at your request written or electronic confirmations from your account custodian after any changes are made to your account. You will also receive monthly statements from your account custodian.

We generally recommend that clients utilize Schwab Advisor Services to act as the broker-dealer/custodian for their accounts. However, the client may use another broker-dealer if the client wishes to do so. McGowan will not, however, direct trades through another broker-dealer aside from Schwab Advisor Services in exchange for any sort of fee-sharing or commission-splitting.

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

Copies of our Proxy Voting Policies are available upon request.

From time to time, shareholders of stocks, mutual funds, exchange traded funds or other securities may be permitted to vote on various types of corporate actions. Examples of these actions include mergers, tender offers, or board elections. Clients are required to vote proxies related to their investments, or to choose not to vote their proxies. McGowan will not accept authority to vote client securities. Clients will receive their proxies directly from the custodian for the client account. McGowan may give clients advice on how to vote proxies.

#### **Item 18:      Financial Information**

McGowan does not require the prepayment of fees more than six (6) months or more in advance and therefore has not provided a balance sheet with this brochure.

There are no material financial circumstances or conditions that would reasonably be expected to impair our ability to meet our contractual obligations to our clients.

Neither McGowan nor any person related to McGowan has been the subject of a bankruptcy petition at any time in the past ten years.