

# Part 2A of Form ADV: Firm Brochure

**Cowan Capital LLC**

**281 Puffin Ct**

**Foster City, CA 94404**

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**Cowancapital.us**

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This brochure provides information about the qualifications and business practices of Cowan Capital LLC. If you have any questions about the contents of this brochure, please contact us at (650) 670-7050. 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 Cowan Capital LLC is also available on the SEC's website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The firm's CRD/IARD Number is #325865.

Cowan Capital LLC is a registered investment adviser. Registration does not imply a certain level of skill or training.

## **Item 2. Material Changes**

This is the first published version of this document, therefore there are no material changes from a prior version. Future material changes will be listed here.

## Item 3. Table of Contents

Item 1. Cover Page.....	i
Item 2. Material Changes.....	ii
Item 3. Table of Contents .....	iii
Item 4. Advisory Business .....	1
Item 5. Fees and Compensation .....	1
Item 6. Performance-Based Fees and Side-By-Side Management.....	2
Item 7. Types of Clients .....	2
Item 8. Methods of Analysis, Investment Strategies and Risk of Loss .....	2
Item 9. Disciplinary Information .....	4
Item 10. Other Financial Industry Activities and Affiliations .....	4
Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	4
Item 12. Brokerage Practices.....	5
Item 13. Review of Accounts .....	6
Item 14. Client Referrals and Other Compensation .....	6
Item 15. Custody.....	6
Item 16. Investment Discretion .....	6
Item 17. Voting Client Securities .....	7
Item 18. Financial Information .....	7
Item 19. Requirements for State-Registered Advisers .....	7
Brochure Supplement for James L. Cowan .....	8

## Item 4. Advisory Business

Cowan Capital LLC (“Cowan Capital”) is an investment advisory firm founded in 2023 and wholly owned by James L. Cowan, Managing Member and Chief Compliance Officer.

The firm specializes in portfolio management of equity, fixed income, and derivatives, financial and retirement planning, and market commentary and forecasting. The firm will also focus on assisting clients with significant stock concentration resulting from ISOs, non-qualified stock options, RSUs and PSUs.

In order to tailor services to individual needs of clients, each client will be subject to a rigorous review of their assets and liabilities, income and expenses, review of their current marginal and effective federal and state tax rates, and discussion of their past investment experience. Clients can request restrictions on asset classes, and specific countries, sectors, and individual securities.

The firm also offers hourly financial planning services.

Cowan Capital does not participate in or offer a wrap fee program.

As of the date of this filing, Cowan Capital is a new advisory firm with no assets under management yet.

## Item 5. Fees and Compensation

**For portfolio management services,** The firm charges 1.125% (annualized) management fee for accounts between \$2.0 - \$5.0 million. For accounts greater than \$5.0 million the firm charges 1.0%. Accounts over \$10.0 million the fee is negotiable. Fees are calculated on the average daily account balance over the prior 30 days.

The above fee rates apply to all of a client’s assets under management with the Firm, also referred to as a “straight tier” schedule (meaning the “Standard Annualized Fee” applies to all the client’s assets under management).

Cowan Capital’s portfolio management fees are paid monthly in arrears through direct deduction from client account(s) only. New clients have five days from signing the agreement to cancel without cost or obligation. Thereafter, in the case of termination of advisory services by either Cowan Capital or the client, earned, unpaid fees will be due on a daily pro-rata basis.

Clients will incur other fees and expenses outside of Cowan Capital, including transaction fees, and other related costs and expenses that may be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, and other third parties such as custodial fees, transaction commissions, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual fund and exchange traded funds also charge internal management fees, which are disclosed in a fund’s prospectus. Such charges, fees and commissions are exclusive of and in addition to Cowan Capital’s fee, and Cowan Capital does not receive any portion of these external fees and expenses.

**Financial planning services** are billed at \$500 per hour.

Neither Cowan Capital nor any associates accept compensation for the sale of securities or other investment products.

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

Cowan Capital does not charge performance-based fees, and therefore does not engage in side-by-side management.

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

Cowan Capital provides its advisory services to individuals, high net-worth individuals, non-profits, and small businesses.

Cowan Capital LLC requires a minimum of \$2,000,000 per client relationship. This minimum is negotiable at the sole discretion of Cowan Capital.

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

**Analysis:** The firm uses a combination of proprietary and third-party research for asset classes, and specific sectors. The firm does not intend to engage in individual securities transactions but will limit its investment analysis and recommendations to broadly diversified securities using ETFs for equities and fixed income. Limited use of derivatives (such as put options on a broadly diversified index) may be used for defensive purposes.

### **Investment Strategies:**

Our primary equity strategy will be broadly diversified so the risk is market risk only. For fixed income strategy the primary risk will be interest rate risk. The firm does not intend to invest in below investment grade fixed income products.

**Risks: All investing involves risks, including loss of money invested, that you must be prepared to bear.**

There can be no assurance that any investment strategy will achieve a desired outcome or prevent against loss.

General investing risks include:

- **Interest-Rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of an investment may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's specific circumstances. For example, political, economic and social conditions may trigger market events.

- **Inflation Risk:** A dollar next year will not buy as much as a dollar today, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with an industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

Investment-specific risks include:

- Stocks may go up and down in price quite dramatically, and in the event of an issuer's bankruptcy or restructuring, could lose all value. A slower-growth or recessionary economic environment could have an adverse effect on the price of all stocks. Stock dividends are not guaranteed and may be reduced or suspended at any time, which may impact share prices of stocks purchased for their dividends.
- Individual bonds carry interest-rate risk (see above), default risk, and may trade above (premium) or below (discount) face value. Bonds traded prior to maturity will fluctuate in value, and a seller may not realize a premium paid for the bond or the bond may sell at a further discount than at purchase, resulting in a loss of principal. At maturity, a bond will redeem for its face value, and any premium paid to purchase the bond will be lost.
- Exchange Traded Funds prices may vary significantly from the Net Asset Value due to market conditions. Certain Exchange Traded Funds may not track underlying benchmarks as expected. ETFs are also subject to the following risks: (i) an ETF's shares may trade at a market price that is above (premium) or below (discount) their net asset value, and ETFs purchased at a premium may not ultimately sell at a premium but at a discount or (ii) trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are de-listed from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) halts stock trading generally.
- **Mutual Fund Risk.** When a client invests in open end mutual funds, the client indirectly bears its proportionate share of any fees and expenses payable directly by those funds. Therefore, the client will incur higher expenses, many of which may be duplicative. In addition, the client's overall portfolio may be affected by losses of an underlying fund and the level of risk arising from the investment practices of an underlying fund (such as the use of derivatives).
- **Options (Covered Calls):** The main risk is missing out on stock appreciation, in exchange for the premium. If a stock appreciated, the writer only benefits from the stock appreciation up to the

strike price, but no higher. In strong upward moves, it would have been favorable to simply hold the stock and not write the call.

## **Item 9. Disciplinary Information**

Neither Cowan Capital nor its management has been involved in any material criminal or civil action in a domestic, foreign, or military jurisdiction, an administrative enforcement action, or self-regulatory organization proceeding.

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

Neither Cowan Capital nor any management persons have any other financial industry activities or affiliations.

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

The Firm and its associates are fiduciaries, and as such, held to the highest standard of care. Cowan Capital has adopted Code of Ethics. A copy of this Code of Ethics is available upon request.

The Firm and its associates shall observe the following standards of conduct:

- The Firm and its associates shall always place the interests of clients first;
- All investment activities carried out by the Firm on behalf of clients shall be in the client's interest, and suitable for each client considering the client's investment objectives, financial situation and needs;
- All personal securities transactions shall be conducted in such a manner as to avoid receiving a more favorable execution price than any client on that same day or trading to the disadvantage of a client in any way.
- Neither the firm nor any associate shall misuse material, non-public information (including further disclosure, insider trading, tipping, or other use for any personal gain);
- The Firm and its associates shall hold the identities, securities holdings, and financial circumstances of clients confidential; and
- The Firm and its associates shall make full, timely, and meaningful written disclosure of any conflicts of interest.

Our associates can invest in the same securities ourselves as we recommend for our clients and may do so at or about the same time as trades for clients. This represents a conflict of interest in that it creates an opportunity to obtain more advantageous trade execution than a client, or to attempt to influence the prices of securities by engaging in certain patterns of trading. The Firm does not permit associates to

engage in trading to the disadvantage of a client, such as front-running, cherry-picking, or trading opposite client positions (e.g. shorting positions that a client owns long).

When we provide investment advice to you regarding your retirement plan account or individual retirement account (IRA), we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

\* It should be noted that the fiduciary duties enumerated above do not differ from those we observe in all our advisory activities.

## Item 12. Brokerage Practices

Cowan Capital requires that clients establish brokerage accounts with Altruist, a registered broker/dealer, member FINRA/SIPC, to act as the custodian of clients' assets and to effect trades for their accounts. Cowan Capital is independently owned and operated and not affiliated with Altruist. Altruist provides Cowan Capital with access to its institutional trading and custody services, which are typically not available to its retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them, once the custodial relationship is established. Altruist's services include custody, brokerage, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

Commission rates and securities transaction fees charged to effect a client's transactions are established by the executing custodian.

Cowan Capital does not receive client referrals from a broker-dealer or third party.

Cowan Capital does not permit clients to direct trade execution to a specified broker-dealer other than the custodian. If clients were permitted to direct trade execution, the firm might be unable to achieve most favorable execution of client transactions, and this could cost clients more money. Some advisers do permit clients to direct trade execution.

When feasible the Firm will aggregate client trades (block trades for multiple clients in the same security on the same day), and shares shall be allocated among participating client accounts at an average price.



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

Cowan Capital will review client accounts on a quarterly basis at a minimum, with consultation with clients no less than annually. All reviews will be conducted by James L. Cowan.

Outside of regular review cycles, substantial market moves, other economic factors, or changes in a client's situation will trigger account reviews to ensure coherence to client objectives and risk tolerance.

The firm does not provide regular written reports to clients. Clients are urged to review statements from the custodian, compare them to invoices from Cowan Capital, and contact Cowan Capital promptly with any questions, discrepancies, or concerns.

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

Other than "soft dollar" benefits from custodian(s) discussed in Item 12, Cowan Capital does not receive economic benefits from any third party for providing investment advice to clients.

Cowan Capital does not pay or receive solicitation fees for referral of clients.

### **Item 15. Custody**

We do not accept or maintain physical custody of any client funds or securities. Client assets are maintained at Altruist, who will send statements directly to clients no less than quarterly. Clients are urged to carefully review their statements.

Clients will receive custodian statements at least quarterly that show the fee deductions. Clients are urged to review statements from the custodian and contact Cowan Capital promptly with any discrepancies, questions, or concerns.

### **Item 16. Investment Discretion**

Cowan Capital requires discretionary authority to manage investment portfolios on behalf of clients, and clients will grant discretionary authority in their advisory agreement. Discretionary authority includes authority to determine which securities to purchase or sell and the amounts of securities to be bought or sold.

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

Cowan Capital will not ask for nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients may direct proxy questions to either Cowan Capital or the issuer of the security.

## **Item 18. Financial Information**

Cowan Capital does not have any financial condition that is likely to impair our ability to meet contractual commitments to clients.

We will not bill or collect fees of more than \$1200, six months or more in advance.

Neither the firm nor any management person has been the subject of a bankruptcy petition.

## **Item 19. Requirements for State-Registered Advisers**

James L. Cowan is the firm's principal executive officer. Please see the Brochure Supplement below for his education and business background.

Neither the firm nor any supervised person is compensated for advisory services with performance-based fees.

Neither the firm nor any management person has been involved in an arbitration claim of any kind or been found liable in a civil, self-regulatory organization, or administrative proceeding.

Neither the Firm nor any management person has any relationship or arrangement with issuers of securities.

**Part 2B of Form ADV**  
**Brochure Supplement for James L. Cowan**

**March 2023**

**Cowan Capital LLC**

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This brochure supplement provides information about James L. Cowan that supplements the Cowan Capital LLC brochure. You should have received a copy of that brochure. Please contact James L. Cowan if you did not receive Cowan Capital LLC's brochure or if you have any questions about the contents of this supplement.

Additional information about James L. Cowan is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

James L. Cowan's Central Registration Depository (CRD) number is # 3126474.

## **Item 2: Educational Background and Business Experience**

### **James L. Cowan**

Year of Birth: 1963

#### **Formal Education:**

- Master of Business Administration (MBA), Finance, University of Colorado at Denver, 2001
- Bachelor of Arts (BA), Russian Language & Literature, University of King's College, 1986

#### **Business Background:**

- March 2023 – present, Cowan Capital, LLC, Managing Member and Chief Compliance Officer
- March 2005 – March 2023, Fisher Investments, Investment Counselor

## **Item 3: Disciplinary Information**

There are no disciplinary events to disclose.

## **Item 4: Other Business Activities**

James L. Cowan has no business activities outside of Cowan Capital.

## **Item 5: Additional Compensation**

James L. Cowan does not receive any economic benefit other than fees for providing advisory services through Cowan Capital as described in Item 5: Fees (above).

## **Item 6: Supervision**

James L. Cowan is the Chief Compliance Officer for Cowan Capital LLC, and supervises the firm's compliance with all applicable securities regulations, including his own, and will adhere to the firm's policies and procedures.

## **Item 7: Requirements for State-Registered Advisers**

James L. Cowan has no legal, disciplinary, or regulatory events to disclose.

James L. Cowan has never been the subject of a bankruptcy petition.