

# Dowley & Company, Inc.

## Brochure Dated 6/1/2011

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**This brochure provides information about the qualifications and business practices of Dowley & Company, Inc. (the “Registrant”). If you have any questions about the contents of this brochure, please contact us at (781) 631-4100 or [cdowley@dowleyandco.com](mailto:cdowley@dowleyandco.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about Dowley & Company, Inc. is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**References herein to Dowley & Company, Inc. as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.**

## **Item 2           Material Changes**

There have been no material changes made to Dowley & Company, Inc.'s disclosure statement since last year's Annual Amendment filing on February 9, 2010.

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

- A. Dowley & Company, Inc. (the “Registrant”) is a corporation formed in Marblehead in the Commonwealth of Massachusetts. The Registrant became registered as an Investment Adviser Firm in September, 1997. The Registrant is principally owned by Christopher Dowley. Christopher Dowley is the Registrant’s Principal.
  
- B. As discussed below, the Registrant offers to its clients (individuals, business entities, trusts, estates and charitable organizations, etc.) investment implementation/management services on a discretionary and non-discretionary basis and, to the extent specifically requested by a client, financial planning services.

#### **INVESTMENT IMPLEMENTATION/MANAGEMENT**

The client may engage the Registrant to design an investment portfolio and provide ongoing corresponding investment management services on a *fee-only* basis. In the event the client determines to implement investment recommendations through the Registrant on a *fee-only* basis, Registrant shall charge an annual investment management fee based upon a percentage of the market value of the assets being managed by Registrant. The investment management fee charged shall vary (generally between 0.50% and 1.50%) depending upon the market value of assets under management and the specific type of investment management services to be rendered with the following fee schedule:

<u>Assets under Management</u>	<u>Annual Fee</u>
Initial \$100,000	1.50%
\$100,001 to \$200,000	1.25%
\$200,001 to \$500,000	1.00%
\$500,001 to \$1,000,000	0.75%
Over \$1,000,000	0.50%

#### **FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)**

To the extent specifically requested by a client, the Registrant *may* determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone separate fee basis. Registrant’s planning and consulting fees are negotiable, but generally range from \$2000.00 to \$5,000.00 on a fixed fee basis, and \$200.00 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s). Prior to engaging the Registrant to provide planning or consulting services, clients are generally required to enter into a *Financial Planning Agreement* with Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Registrant commencing services. If requested by the client, Registrant may recommend the services of other professionals for implementation purposes, including the Registrant’s representative in their individual capacities as licensed insurance agents. (See disclosure at Item10 C.8).

The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Registrant. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note:** It remains the client's responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

## MISCELLANEOUS

**Additional Investment Management Services.** Registrant may also render investment management services to clients relative to: (1) variable annuity products that they may own, or (2) their individual employer-sponsored retirement plans. In so doing, Registrant either directs or recommends the allocation of client assets among the various sub-accounts which comprise the variable annuity product or the retirement plan. For these services, Registrant's management fee is paid quarterly in advance, based upon the market value of the assets on the first business day of the quarter. The client assets shall be maintained at either the specific insurance company that issued the variable annuity product which is owned by the client, or at the custodian designated by the sponsor of the client's retirement plan.

**Non-Investment Consulting/Implementation Services.** If requested by the client, the Registrant may provide consulting services regarding non-investment related matters, such as estate planning and tax planning, etc. Neither the Registrant, nor any of its representatives, serves as an attorney or an accountant, and no portion of the Registrant's services should be construed as same. To the extent requested by a client, the Registrant may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.) including representatives of the Registrant in their separate licensed capacities as discussed below. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Registrant. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note:** It remains the client's responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

**Please Note: Non-Discretionary Service Limitations.** Clients that determine to engage the Registrant on a non-discretionary investment advisory basis **must be willing to accept** that the Registrant cannot effect any account transactions without obtaining prior verbal consent to any such transaction(s) from the client. Thus, in the event of a market correction during which the client is unavailable, the Registrant will be unable to effect any account transactions (as it would for its discretionary clients) **without first obtaining the client's verbal consent.**

**Trade Error Policy.** Registrant shall reimburse accounts for losses resulting from the Registrant's trade errors, but shall not credit accounts for such errors resulting in market

gains. The gains and losses are reconciled within the Registrant's custodian firm account and Registrant retains the net gains and losses.

**Client Obligations.** In performing its services, Registrant shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

**Disclosure Statement.** A copy of the Registrant's written Brochure as set forth on Part 2A of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the *Investment Advisory Agreement or Financial Planning Agreement*. Any client who has not received a copy of Registrant's written Brochure at least 48 hours prior to executing the *Investment Advisory Agreement or Financial Planning Agreement* shall have five business days subsequent to executing the agreement to terminate the Registrant's services without penalty.

- C. The Registrant shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, the Registrant shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at anytime, impose reasonable restrictions, in writing, on the Registrant's services.
  
- D. The Registrant does not participate in a wrap fee program.
  
- E. As of December 31, 2010, the Registrant had \$24,972,244 in assets under management on a discretionary basis.

## Item 5 Fees and Compensation

- A. The client can determine to engage the Registrant to provide discretionary and/or non-discretionary investment advisory services on a *fee-only* basis.

### INVESTMENT ADVISORY SERVICES

In the event the client determines to implement investment recommendations through the Registrant on a *fee-only* basis, Registrant shall charge an annual investment management fee based upon a percentage of the market value of the assets being managed by Registrant. The investment management fee charged shall vary (generally between 0.50% and 1.50%) depending upon the market value of assets under management and the specific type of investment management services to be rendered with the following fee schedule:

<u>Assets under Management</u>	<u>Annual Fee</u>
Initial \$100,000	1.50%
\$100,001 to \$200,000	1.25%
\$200,001 to \$500,000	1.00%
\$500,001 to \$1,000,000	0.75%
Over \$1,000,000	0.50%

### FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)

To the extent specifically requested by a client, Registrant *may* provide its clients with a broad range of comprehensive financial planning and consulting (including non-investment related matters) services. Registrant will charge a fee (fixed fee and/or hourly) for these services. Registrant's financial planning fees are negotiable, but generally range from \$2,000.00 to \$5,000.00 on a fixed fee basis and \$200.00 on an hourly rate basis. Prior to engaging the Registrant to provide financial planning services, the client will generally be required to enter into a *Financial Planning Agreement* with Registrant setting forth the terms and conditions of the engagement, and describing the scope of the services to be provided. Registrant's fees are due upon execution of the *Financial Planning Agreement*.

- B. Clients may elect to have the Registrant's advisory fees deducted from their custodial account. Both Registrant's *Investment Advisory Agreement* and the custodial/ clearing agreement may authorize the custodian to debit the account for the amount of the Registrant's investment advisory fee and to directly remit that management fee to the Registrant in compliance with regulatory procedures. In the limited event that the Registrant bills the client directly, payment is due upon receipt of the Registrant's invoice. The Registrant shall deduct fees and/or bill clients quarterly in advance, based upon the market value of the assets on the last business day of the previous quarter.
- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, the Registrant shall generally recommend that SEI Investments Company ("*SEI*") serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *SEI* charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain

no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). In addition to Registrant's investment management fee, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).

- D. Registrant's annual investment management fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets on the first business day of the quarter. Registrant generally requires an account minimum of \$500,000.00 for investment management services. The Registrant, in its sole discretion, may charge a lesser management fee or reduce or waive account minimum based upon certain criteria (i.e. pre-existing financial planning client, anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, or negotiations with client).

The *Investment Advisory Agreement* between the Registrant and the client will continue in effect until terminated by either party by written notice. Upon termination, the Registrant shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

- E. Neither the Registrant, nor its representatives accept compensation from the sale of securities or other investment products.

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

Neither the Registrant nor any supervised person of the Registrant accepts performance-based fees.

## **Item 7 Types of Clients**

The Registrant's clients shall generally include individuals, business entities, trusts, estates and charitable organizations. Registrant generally requires an account minimum of \$500,000.00 for investment management services. The Registrant, in its sole discretion, may charge a lesser management fee or reduce or waive account minimum based upon certain criteria (i.e. pre-existing financial planning client, anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, or negotiations with client).

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

- A. The Registrant may utilize the following methods of security analysis:
- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
  - Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)
  - Cyclical – (analysis performed on historical relationships between price and market trends, to forecast the direction of prices)

The Registrant may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Trading (securities sold within thirty (30) days)
- Short Sales (contracted sale of borrowed securities with an obligation to make the lender whole)
- Margin Transactions (use of borrowed assets to purchase financial instruments)

**Please Note: Investment Risk.** Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by the Registrant) will be profitable or equal any specific performance level(s).

- B. The Registrant's methods of analysis and investment strategies do not present any significant or unusual risks.

However, every method of analysis has its own inherent risks. To perform an accurate market analysis the Registrant must have access to current/new market information. The Registrant has no control over the dissemination rate of market information; therefore, unbeknownst to the Registrant, certain analyses may be compiled with outdated market information, severely limiting the value of the Registrant's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

The Registrant's primary investment strategies - Long Term Purchases, Short Term Purchases and Trading - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy. Trading, an investment strategy that requires the purchase and sale of securities within a thirty (30) day investment time period, involves a very short investment time period but will incur higher transaction costs when compared to a short term investment strategy and substantially higher transaction costs than a longer term investment strategy.

In addition to the fundamental investment strategies discussed above, the Registrant may also implement and/or recommend – short selling, use of margin, and/or options transactions. Each of these strategies has a high level of inherent risk. (*See* discussion below).

Short selling is an investment strategy with a high level of inherent risk. Short selling, involves the selling of assets that the investor does not own. The investor borrows the assets from a third party lender (i.e. Broker-Dealer) with the obligation of buying identical assets at a later date to return to the third party lender. Individuals who engage in this activity shall only profit from a decline in the price of the assets between the original date of sale and the date of repurchase. Conversely, the short seller will incur a

loss if the price of the assets rises. Other costs of shorting may include a fee for borrowing the assets and payment of any dividends paid on the borrowed assets.

Margin is an investment strategy with a high level of inherent risk. A margin transaction occurs when an investor uses borrowed assets to purchase financial instruments. The investor generally obtains the borrowed assets by using other securities as collateral for the borrowed sum. The effect of purchasing a security using margin is to magnify any gains or losses sustained by the purchase of the financial instruments on margin. **Please note:** To the extent that a client authorizes the use of margin, and margin is thereafter employed by the Registrant in the management of the client's investment portfolio, the market value of the client's account and corresponding fee payable by the client to the Registrant may be increased. As a result, in addition to understanding and assuming the additional principal risks associated with the use of margin, clients authorizing margin are advised of the potential ***conflict of interest*** whereby the client's decision to employ margin *may* correspondingly increase the management fee payable to the Registrant. Accordingly, the decision as to whether to employ margin is left totally to the discretion of client.

- C. Currently, Registrant primarily allocates investment management assets of its client accounts among various no-load and/or waived mutual fund classes and/or individual debt and equity securities in accordance with the investment objectives of the client.

## **Item 9            Disciplinary Information**

The Registrant has not been the subject of any disciplinary actions.

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

- A. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C.
  - 8. **Licensed Insurance Agents.** The Registrant's representatives, in their individual capacities, are licensed insurance agents, and may recommend the purchase of certain insurance-related products on a commission basis. As referenced in Item 4.B above, clients can engage Registrant's representatives to purchase insurance products on a commission basis.
    - **Conflict of Interest:** The recommendation by that a client purchase an insurance commission product presents a ***conflict of interest***, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Registrant's representatives. Clients are reminded that they may purchase insurance products

recommended by Registrant through other, non-affiliated insurance agents. **The Registrant's Chief Compliance Officer, Christopher L. Dowley, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

- D. The Registrant does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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

- A. The Registrant maintains an investment policy relative to personal securities transactions. This investment policy is part of Registrant's overall Code of Ethics, which serves to establish a standard of business conduct for all of Registrant's Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, the Registrant also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the Registrant or any person associated with the Registrant.

- B. Neither the Registrant nor any related person of Registrant recommends, buys, or sells for client accounts, securities in which the Registrant or any related person of Registrant has a material financial interest.
- C. The Registrant and/or representatives of the Registrant *may* buy or sell securities that are also recommended to clients. This practice may create a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if the Registrant did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed prior to those of the Registrant's clients) and other potentially abusive practices.

The Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Registrant's "Access Persons". The Registrant's securities transaction policy requires that an Access Person of the Registrant must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date the Registrant selects; provided, however that at any time that the Registrant has only one Access Person, he or she shall not be required to submit any securities report described above.

- D. The Registrant and/or representatives of the Registrant *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11.C, the Registrant has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Registrant's Access Persons.

## **Item 12      Brokerage Practices**

- A. Factors which the Registrant considers in recommending a broker-dealer/custodian to clients include the broker-dealer/custodian's financial strength, reputation, execution, pricing, research, and service. Although the commissions paid by Registrant's clients shall comply with the Registrant's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the Registrant determines, in good faith, that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including reputation, financial strength, the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Registrant will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. Although the investment research products and/or services that *may* be obtained by Registrant will generally be used to service all of Registrant's clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account.

1. Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Registrant may receive from various broker-dealers/custodians without cost (and/or at a discount) support services and/or products, certain of which assist the Registrant to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by the Registrant may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Registrant in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that *may* be received may assist the Registrant in managing and administering client accounts. Others do not directly provide such assistance, but rather assist the Registrant to manage and further develop its business enterprise.

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at various broker-dealers/custodians as a result of this arrangement. There is no corresponding commitment made by the Registrant to various broker-

dealers/custodians or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

**The Registrant's Chief Compliance Officer, Christopher L. Dowley, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.**

2. The Registrant does not receive referrals from broker-dealers.
3. The Registrant does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Registrant will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Registrant. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

**Please Note:** In the event that the client directs Registrant to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Registrant.

**The Registrant's Chief Compliance Officer, Christopher L. Dowley, remains available to address any questions that a client or prospective client may have regarding the above arrangement.**

- B. To the extent that the Registrant provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless the Registrant decides to purchase or sell the same securities for several clients at approximately the same time. The Registrant may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Registrant's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. The Registrant shall not receive any additional compensation or remuneration as a result of such aggregation.

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

- A. For those clients to whom Registrant provides investment supervisory services, account reviews are conducted on an ongoing basis by the Registrant's Principals and/or representatives. All investment supervisory clients are advised that it remains their responsibility to advise the Registrant of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with the Registrant on an annual basis.
- B. The Registrant *may* conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

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

- A. As referenced in Item 12.A.1 above, the Registrant may receive an indirect economic benefit from particular broker-dealers/custodians. The Registrant, without cost (and/or at a discount), may receive support services and/or products from particular broker-dealers/custodians.

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at particular broker-dealers/custodians as result of this arrangement. There is no corresponding commitment made by the Registrant to particular broker-dealers/custodians or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

**The Registrant's Chief Compliance Officer, Christopher L. Dowley, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.**

- B. If a client is introduced to the Registrant by either an unaffiliated or an affiliated solicitor, Registrant *may* pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from the Registrant's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to the Registrant by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of the Registrant's written Brochure with a copy of the written disclosure statement from the solicitor to the

client disclosing the terms of the solicitation arrangement between the Registrant and the solicitor, including the compensation to be received by the solicitor from the Registrant.

## **Item 15      Custody**

The Registrant shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

**Please Note:** To the extent that the Registrant provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by the Registrant with the account statements received from the account custodian. **Please Also Note:** The account custodian does not verify the accuracy of the Registrant's advisory fee calculation.

## **Item 16      Investment Discretion**

The client can determine to engage the Registrant to provide investment advisory services on a discretionary basis. Prior to the Registrant assuming discretionary authority over a client's account, the client shall be required to execute an *Investment Advisory Agreement*, naming the Registrant as the client's attorney and agent in fact, granting the Registrant full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage the Registrant on a discretionary basis may, at anytime, impose restrictions, **in writing**, on the Registrant's discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe the Registrant's use of margin, etc.).

## **Item 17      Voting Client Securities**

- A. The Registrant does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.
- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact the Registrant to discuss any questions they may have with a particular solicitation.

**Item 18      Financial Information**

- A. The Registrant does not solicit fees of more than \$500, per client, six months or more in advance.
- B. The Registrant is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. The Registrant has not been the subject of a bankruptcy petition.

**Item 19      Requirements for State-Registered Advisors**

- A. Christopher L. Dowley was born in 1958. Mr. Dowley graduated from the University of Michigan, with a Bachelor of Science degree in Natural Resources. From 1986 until 1997, Mr. Dowley was a registered representative of American Express Financial Services. Since 1997, Mr. Dowley has been an owner of Registrant, and has been Registrant's President since 2000. Mr. Dowley was a registered representative of FSC Securities Corp. from 1997-2003.
- B. Registrant's Principal, in his individual capacity, is a licensed insurance agent with various insurance companies, and in such capacity, may recommend, on a commission basis, the purchase of certain insurance-related products. Registrant's Principal currently devotes approximately five percent (5%) of his time to life insurance commission business.
- C. Neither the Registrant nor its Representatives are compensated on a performance fee basis.
- D. Neither the Registrant nor its representatives have been the subject of any disciplinary actions.
- E. Neither the Registrant nor its representatives have any relationship or arrangement with any issuer of securities.

**ANY QUESTIONS: The Registrant's Chief Compliance Officer, Christopher L. Dowley, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**

## Item 1 Cover Page

A.

**Christopher L. Dowley**

Dowley & Company, Inc.

Brochure Supplement  
Dated 3/21/2011

Contact: Christopher L. Dowley, Chief Compliance Officer  
22 School Street, Suite 5  
Marblehead, Massachusetts 01945

B.

**This brochure supplement provides information about Christopher L. Dowley that supplements the Dowley & Company, Inc. Brochure. You should have received a copy of that Brochure. Please contact Christopher L. Dowley, Chief Compliance Officer, if you did *not* receive Dowley & Company's brochure or if you have any questions about the contents of this supplement.**

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

## Item 2 Education Background and Business Experience

Christopher L. Dowley was born in 1958. Mr. Dowley graduated from University of Michigan, with a Bachelor of Science degree in Natural Resources. Mr. Dowley has been President and an investment adviser representative of Dowley & Company, Inc. since March of 2000.

Mr. Dowley has been a Registered Life Planner<sup>®</sup> (RLP<sup>®</sup>) since 2008. RLP<sup>®</sup> is a professional designation administered by the Kinder Institute of Life Planning. In order to obtain the RLP<sup>®</sup> designation, a candidate must take several courses related to life planning and money maturity, followed by a mentor run six month case study of a real-life planning case.

Mr. Dowley became a Certified Fund Specialist<sup>®</sup> (CFS<sup>®</sup>) in 1998. The CFS designation denotes completion of a certificate program related to mutual fund training that is administered by the Institute of Business and Finance. Candidates are required to take six academic modules

covering the following topics: asset class descriptions, historical returns and risk, mutual fund costs, fund management and selection, time value analysis and market indicators, REITs, ETFs, CEFs, UITs and structured notes, risk measurements and minimization, fund and personal tax issues, and modern portfolio theory. Candidates must successfully pass three exams which cumulatively test each of the six modules. Moreover, each candidate is required to complete a case study. Candidates are required to complete 30 hours of continuing education every two years and have ongoing ethical requirements administered by the Institute of Business and Finance.

Mr. Dowley has held the designation of Chartered Financial Consultant (ChFC®) since 1995. ChFC® is a financial planning designation for the insurance industry conferred by The American College. Candidates must meet education, experience, examination, and continuing ethical requirements. Candidates must have at least three years of experience in the financial industry, or an undergraduate or graduate degree from an accredited university and two years of experience in the financial industry. Candidates are required to take nine academic courses each followed by an exam. The courses and exams cover topics in finance, investing, insurance, and estate planning.

Mr. Dowley has held the designation of Chartered Life Underwriter (CLU®) since 1995. CLU® is a financial planning designation for the insurance industry conferred by The American College. Candidates must meet education, experience, examination, and continuing ethical requirements. Candidates must have at least three years of experience in the financial industry, or an undergraduate or graduate degree from an accredited university and two years of experience in the financial industry. Candidates are required to take eight academic courses each followed by an exam. The courses and exams cover topics in finance, investing, insurance, and estate planning.

### **Item 3 Disciplinary Information**

None.

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

- A. The supervised person is not actively engaged in any investment-related business or occupation.
- B. **Licensed Insurance Agent.** Mr. Dowley, in his individual capacity, is a licensed insurance agent, and may recommend the purchase of certain insurance-related products on a commission basis. Clients can engage Mr. Dowley to effect insurance transactions on a commission basis. **Conflict of Interest:** The recommendation by Mr. Dowley that a client purchase an insurance commission product presents a *conflict of interest*, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any insurance commission products from Mr. Dowley. Clients are reminded that they may purchase insurance products recommended by the Registrant through other, non-affiliated insurance agents. **The Registrant's**

**Chief Compliance Officer, Christopher L. Dowley, remains available to address any questions that a client or prospective may have regarding the above conflict of interest.**

**Item 5 Additional Compensation**

None.

**Item 6 Supervision**

The Registrant provides investment advisory and supervisory services in accordance with current state regulatory requirements. The Registrant's Chief Compliance Officer, Christopher L. Dowley, is primarily responsible for overseeing the activities of the Registrant's supervised persons. Mr. Dowley also monitors accounts and conducts account reviews on at least an annual basis. Should a client have any questions regarding the Registrant's supervision or compliance practices, please contact Mr. Dowley at (781) 631-4100.

**Item 7 State-Registered Investment Advisors**

- A. Mr. Dowley has never been found liable in an arbitration proceeding or a civil, self-regulatory, or administrative proceeding.
- B. Mr. Dowley has never been the subject of a bankruptcy petition.

dealers/custodians or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

**The Registrant's Chief Compliance Officer, Christopher L. Dowley, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.**

2. The Registrant does not receive referrals from broker-dealers.
3. The Registrant does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Registrant will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Registrant. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

**Please Note:** In the event that the client directs Registrant to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Registrant.

**The Registrant's Chief Compliance Officer, Christopher L. Dowley, remains available to address any questions that a client or prospective client may have regarding the above arrangement.**

- B. To the extent that the Registrant provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless the Registrant decides to purchase or sell the same securities for several clients at approximately the same time. The Registrant may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Registrant's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. The Registrant shall not receive any additional compensation or remuneration as a result of such aggregation.

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

- A. For those clients to whom Registrant provides investment supervisory services, account reviews are conducted on an ongoing basis by the Registrant's Principals and/or representatives. All investment supervisory clients are advised that it remains their responsibility to advise the Registrant of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with the Registrant on an annual basis.
- B. The Registrant *may* conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

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

- A. As referenced in Item 12.A.1 above, the Registrant may receive an indirect economic benefit from particular broker-dealers/custodians. The Registrant, without cost (and/or at a discount), may receive support services and/or products from particular broker-dealers/custodians.

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at particular broker-dealers/custodians as result of this arrangement. There is no corresponding commitment made by the Registrant to particular broker-dealers/custodians or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

**The Registrant's Chief Compliance Officer, Christopher L. Dowley, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.**

- B. If a client is introduced to the Registrant by either an unaffiliated or an affiliated solicitor, Registrant *may* pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from the Registrant's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to the Registrant by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of the Registrant's

written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between the Registrant and the solicitor, including the compensation to be received by the solicitor from the Registrant.

## **Item 15      Custody**

The Registrant shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

**Please Note:** To the extent that the Registrant provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by the Registrant with the account statements received from the account custodian. **Please Also Note:** The account custodian does not verify the accuracy of the Registrant's advisory fee calculation.

## **Item 16      Investment Discretion**

The client can determine to engage the Registrant to provide investment advisory services on a discretionary basis. Prior to the Registrant assuming discretionary authority over a client's account, the client shall be required to execute an *Investment Advisory Agreement*, naming the Registrant as the client's attorney and agent in fact, granting the Registrant full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage the Registrant on a discretionary basis may, at anytime, impose restrictions, **in writing**, on the Registrant's discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe the Registrant's use of margin, etc.).

## **Item 17      Voting Client Securities**

- A. The Registrant does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.
- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact the Registrant to discuss any questions they may have with a particular solicitation.

**Item 18      Financial Information**

- A. The Registrant does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. The Registrant is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. The Registrant has not been the subject of a bankruptcy petition.

**Item 19      Requirements for State-Registered Advisors**

- A. Christopher L. Dowley was born in 1958. Mr. Dowley graduated from the University of Michigan, with a Bachelor of Science degree in Natural Resources. From 1986 until 1997, Mr. Dowley was a registered representative of American Express Financial Services. Since 1997, Mr. Dowley has been an owner of Registrant, and has been Registrant's President since 2000. Mr. Dowley was a registered representative of FSC Securities Corp. from 1997-2003.
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**ANY QUESTIONS: The Registrant's Chief Compliance Officer, Christopher L. Dowley, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**

# DOWLEY & COMPANY

## PRIVACY NOTICE

Dowley & Company, Inc. (referred to as "Dowley") maintains physical, electronic, and procedural safeguards that comply with federal standards to protect its clients' nonpublic personal information ("information"). Through this policy and its underlying procedures, Dowley attempts to secure the confidentiality of customer records and information and protect against anticipated threats or hazards to the security or integrity of customer records and information.

It is the policy of Dowley to restrict access to all current and former clients' information (i.e., information and records pertaining to personal background, investment objectives, financial situation, tax information/returns, investment holdings, account numbers, account balances, etc.) to those employees and affiliated/nonaffiliated entities who need to know that information in order to provide products or services to the client. Dowley may disclose the client's information if Dowley is: (1) previously authorized to disclose the information to individuals and/or entities not affiliated with Dowley, including, but not limited to the client's other professional advisors and/or service providers (i.e., attorney, accountant, insurance agent, broker-dealer, investment adviser, account custodian, etc.); (2) required to do so by judicial or regulatory process; or (3) otherwise permitted to do so in accordance with the parameters of applicable federal and/or state privacy regulations. The disclosure of information contained in any document completed by the client for processing and/or transmittal by Dowley in order to facilitate the commencement/continuation/termination of a business relationship between the client and a nonaffiliated third party service provider (i.e., broker-dealer, investment adviser, account custodian, insurance company, etc.), including information contained in any document completed and/or executed by the client for Dowley (i.e., advisory agreement, client information form, etc.), shall be deemed as having been automatically authorized by the client with respect to the corresponding nonaffiliated third party service provider.

Dowley permits only authorized employees and affiliates who have signed a copy of Dowley's Privacy Policy to have access to client information. Employees violating Dowley's Privacy Policy will be subject to Dowley's disciplinary process. Additionally, whenever Dowley hires other organizations to provide services to Dowley's clients, Dowley will require them to sign confidentiality agreements and/or the Privacy Policy.

Should you have any questions regarding the above, please contact Chris Dowley, Chief Compliance Officer.