Bowen Asset Management LLC Corporate Update-February 2016

Mid way through our third year in business, we thought it was time to devote a newsletter to update our clients about where our company is and where we are going.

Our History and Philosophy:

As we enter the spring of 2016, we have been in business for three and half years. We began our regulatory filings in June and July of 2012 and were completed and able to open our doors in October of 2012. Coming out of the institutional business in 2012, we believed that the high net worth retail market is much less efficiently priced and much less transparent than the professional or institutional market. Each of our people involved in the investment process have over 20 years' experience working in the institutional marketplace creating and/or marketing investment ideas to many of the largest mutual fund and professional management firms in the eastern half of the country. Rather than focus our research efforts on covering individual research names, we have devoted our resources to analyzing the selection of best of breed funds, ETF's and other products where we can capitalize on our existing knowledge and longstanding relationships.

As a fee only investment management firm, our relationship with our clients is a fiduciary relationship, setting a much higher standard of care and responsibility to our clients and their assets than the traditional commission based advisor. This fiduciary relationship fits with our drive to bring transparency to our client's understanding of their investment fees. Our firm's only compensation comes as a percentage of our clients assets under management. We do not share in any additional fees, commissions or trailing fees generated by our clients' investments. The only fees paid to our firm are those paid directly from our clients. We work well with recognized independent third party custodians to provide accountability with our clients. We do not believe that client statements generated solely by the investment manager provides sufficient checks and balances for the benefit of our clients. Third party custodians validate the integrity and custody of client holdings.

In 2012 we recognized that the institutional business had evolved to the point where the same information available to institutional investors had become available to smaller investors. For the non-financial professional, sifting through the volumes of information available to investors and determining the importance of various nuggets of that that information is daunting. Now more than ever, a truly unbiased knowledgeable advisor has become exceedingly valuable to investors. Part of our role as a firm is to shift though this flow of information and invest on our client's behalf negotiating whenever possible to reduce overpriced and often hidden costs on our client's behalf <u>thus maximizing investment returns</u>. We believe that most clients don't realize the ultimate impact these hidden fees have on investment returns. At a time when clients often have difficulty understanding their own monthly statements, we strive to bring our knowledge of the institutional professional investment world to investors.

We tend to focus on investing in relatively liquid opportunities for our clients which we believe can provide above average investment returns on a relatively consistent basis. We invest our clients funds in a combination of actively managed investments (individual stocks, bonds, mutual funds, ETF's or pooled public or private investments) and index or passive funds. Most of the funds we hold are with business organizations we have known for many years. We try to look for consistency in the organizations and in the management staff. We speak frequently with the analysts and portfolio managers and other personnel in those organizations. We strive to look for stable organizations with consistently high returns relative to their benchmarks.

Though our investment selection is focused on top down strategies, our individual stock selection process is generally made by outside fund managers as part of our structured investment holdings. From time to time however we may purchase individual stocks or bonds for some clients where appropriate. Each of our client's portfolios is customized for that client's risk and need profile so there is no universal performance results across all funds because each portfolio is unique. We follow the selections of our underlying managers and if those managers stray from their investment thesis and methodology, we generally re-evaluate our holdings in that organization and may liquidate those assets and redeploy those funds to other investment opportunities.

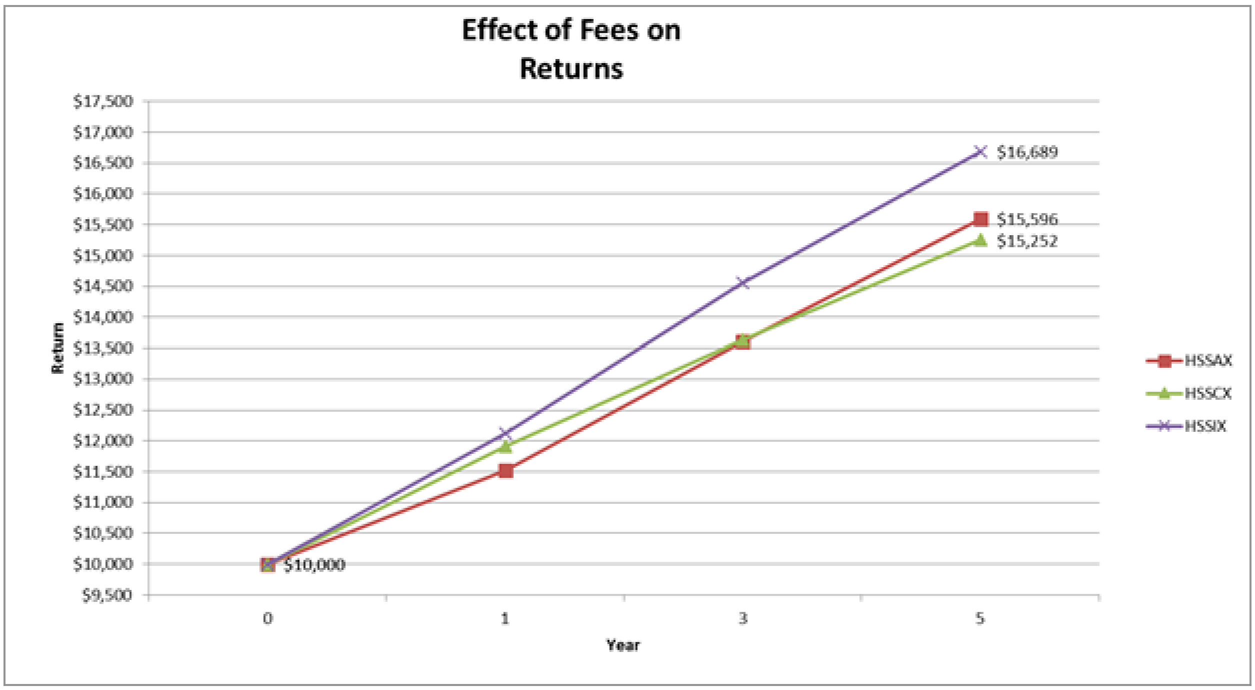
Industry Structure is Rife with Conflicts of Interest for a Client Seeking Independent Investment Advice:

During Zack's previous career in the institutional business, generally each of his clients in turn had their sales organizations distributing (selling) their mutual or managed funds and other investment products either directly to investors such as pensions and other corporate entities or through other investment intermediaries such as stockbrokers, insurance agents or other investment advisory representatives. As incentives to move (sell) investment products, his institutional clients often offered incentives in cash or other awards to help place their funds with investors. Those incentives might have included sharing management fees, transaction commissions and fees along with other deferred compensation rewards rebated to the selling organizations for the placement of their investment products with investors. The question becomes what is in the client's best interest and what is in the salesman's best interest? Think of it in terms the sales staff at a car dealership being offered a bonus to move an incredibly ugly lemon of a car that has been sitting on the lot for over a year. When a potential buyer walks into a dealership and works with a salesman and eventually buys the lemon, is it because he really loved the lemon or because the salesman is pushing the car expecting an oversized bonus to get the car off the lot? In the end, the cost of hidden fees are borne by the investors and manifest themselves in underperforming assets. Just as in the automobile business, the average customer does not understand what the incentives are or who gets them. ***It is our role as a firm to invest our client's funds in our client's best interest regardless of sales incentives. We do not share in any sales incentive beyond what we receive from our customers for managing their investments. We believe in honesty, integrity and transparency.***

Types of Hidden Fees Typically Paid by Clients:

We classify three types of fees associated with money management accounts: **Advice Fees, Product Cost Fees and Transaction Cost Fees.**

Most clients understand the ***Advice fees.***-For an advisory account, advice fees normally run 65 basis points per year(or 0.65% of assets) to as much as 120 basis points (or 1.2% of assets). On a $1 million dollar account an 85 basis point fee would be $8,500 per year. This is a straight fee charged the client for investment advice. Most clients are focused on these fees because they are generally more visible to the client and more easily understood by the client.



These small differences in fee structures have a very large impact in investment performance. I have attached a graph above showing the different in a hypothetical 15.7% rate of return for the Class A shares each year for a five year period. The graph shows three classes of shares in the fund:-the "A shares,", "The B shares and the "The C shares" or the "Institutional Shares." In the graph we assume a hypothetical 15.7% rate of return for each year over a five year period for the mutual fund- Emerald Banking and Finance Fund (HSSAX). The difference in the rates of return of the A B or C shares is huge. All three funds shares indicated are in the same mutual fund, the difference is the how the commissions and management fees are billed to the investor- in short how much commission your adviser and or your advisor's firm is begin paid. The Institutional shares or the C shares have a much greater rate of return over five years than the other two classes of shares and the fees are the lowest.

Product cost fees are often "hidden fees" and can be far greater than the advice fees. These fees are far less visible to the client but can have much greater impact on the portfolio. In the case of mutual funds shares, these product cost fees can be reflected in the type of mutual fund shares selected by the advisor.

For example- there are usually at least 3 types of shares of a mutual fund:-the A shares which can carry an up- front sales fee as high as 7% of invested assets. The B shares which generally don't carry an up-front sales fee, but can carry a higher annual management fee charged by the mutual fund to B shareholders and that fee can be much higher than the A shares in the same fund over a longer period of time. The C shares are typically called the "Institutional shares" which generally carry no sales fees and the lowest management fees charged by the underlying mutual fund management company. Whenever possible, we tend to purchase the C shares or institutional shares for our clients which have the lowest net costs generally producing a higher return over a longer holding period. Other product fee costs include the difference between what you would pay for a stock or bond (not counting commission and transaction costs) vs. what it would cost to sell that stock or bond simultaneously. The difference (or the bid/ask spread) we regard as the product cost fee. This cost varies generally depending on the trading volume of the particular product. When possible, and when it makes sense, our client purchases are bundled together giving us scale savings that we can pass through to our clients by negotiating narrower spreads or purchasing larger blocks of lower cost institutional shares in (the case of mutual funds).

We define the ***transaction costs*** as the cost of the transaction and is generally visible to the investor on their statements or trading confirmation reports as a purchase or sale fee. These fees are the cost that the brokerage firm or custodian charges for the service of purchase or sell a given security. Think these fees as a bookkeeping fee to process the purchase or sale of securities. These fees are sometimes thought of as commission fees by the investor. These fees have become competitive and have been generally trending lower for the investor.

Our People:

We have three people who are part of our investment process:

Zack Bowen has an academic background in law and finance. He has been in the retail financial services business since 1982 and the institutional research sales business since 1986. Zack has worked for firms including Butcher & Singer, Kemper Securities, Janney Montgomery Scott and Commerce Bank in a variety of senior management positions over his 30 year career. As part of the institutional research sales business Zack has worked primarily marketing investment ideas and strategies to analysts and portfolio managers at some of the largest financial institutions in the country while also providing investment ideas to small group of high net worth individual clients.

Linda Bowen's academic background is in finance and economics with a strong background in analyzing financial companies. Her professional expertise is in investing in banks, insurance companies and financial services firms as a former economist for Dean Witter Reynolds, a bank and financial investment analyst for Merrill Lynch, Drexel Burnham and Lambert and later as an analyst with Fiduciary Trust International responsible for the firm's holdings in financial stocks, bonds and pooled products. (Those holdings were typically 20% of their $50 billion portfolio at the time she was at the firm). Fiduciary Trust was sold shortly after the second attack on the World Trade Center. Linda is also a licensed realtor in the Delaware and Pennsylvania.

Ken Martin-Halpine-Ken is a CFA charter holder with over 20 years of expertise in healthcare investment analysis. He has a degree in Biology and an MBA. Ken began his financial career as a healthcare analyst with Emerald Asset Management. Some years later, Ken became a Portfolio Manager responsible for all Healthcare portfolios for StoneRidge Investment Partners. Kens coverage includes medical devices, diagnostics, pharma, biotech and generics. He analyzes companies in all market capitalizations. In addition to his input concerning our investment holdings, Ken will be rolling out a healthcare concentrated portfolio product for us shortly.

New Products for our Clients:

Special Needs Trusts:

We offer investment management services for Special Needs Trusts for those clients passing assets to special needs beneficiaries who are disabled either physically or mentally and lack the capacity to handle their own financial affairs. These trusts allow the beneficiary to continue to receive aid from various government based services while benefiting from assets left to the beneficiary. Though we do not act as trustee or draft the trust document, we will help our client's select appropriate attorneys to draft the documents and will manage the assets after the Trust is created.

Blue Hen BookKeeping Services LLC.

We are in the process of rolling out a new cash management product with Blue Hen Bookkeeping Services. Blue Hen Bookkeeping was founded in 2014 by Dingle & Kane P.A. of Newark, Delaware. Our bookkeeping services offering is aimed squarely at the typical retiree to ease the burdens of managing monthly bill paying and cash management services. As part of our service, Blue Hen provides checkbook and credit card reconciliation services, periodic reporting back to the client, online banking assistant and organization of financial records. Our reporting can be made to both the underlying client and any designees. For Bowen Asset Management this service originated at the request of a retirement community executive who became concerned over the potential liability of management at the retirement community when a resident had appointed a neighbor with limited financial experience as Power of Attorney to manage day to day cash flow and to invest assets. With this product, we have two regulated firms overseeing the day to day bill paying processes for clients who are no longer capable of managing their own day to day affairs but still want to retain some financial oversight of their affairs.

Past performance should not be taken as an indicator or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance. As with any investment strategy or portion thereof, there is potential for profit as well as the possibility of loss. The price, value of and income from investments mentioned in this report (if any) can fall as well as rise. To the extent that any financial projections are contained herein, such projections are dependent on the occurrence of future events, which cannot be predicted or assumed; therefore, the actual results achieved during the projection period, if applicable, may vary materially from the projections.