

**Item 1. Cover Page**

# Longbow Asset Management

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March 31, 2018

**This brochure provides information about the qualifications and business practices of Longbow Asset Management. If you have any questions about the contents of this brochure, please contact us at (918) 295-9929 or [contact@lbamc.com](mailto:contact@lbamc.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any other state securities authority.**

**Longbow Asset Management is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training.**

**Additional information about Longbow Asset Management is available on the SEC's Website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **Item 2. Material Changes**

Longbow Asset Management  
Form ADV, Part 2  
Updated on March 31, 2018

We last offered to provide you with a copy of our Disclosure Brochure in January 2017. Since that time, the material changes to the Disclosure Brochure include a revised description of our investment advisory business, an updated fee schedule to conform with the Department of Justice's fiduciary rule, a revised description of our equity strategy that emphasizes fundamental analysis rather than optimization, a description of a client referral arrangement with Helland Investment Management, Inc., an updated description of custody to conform with the SEC's new expanded definition of custody, and Dwight Bottomley, CFA has been added as a State-Registered Investment Advisor, Management Person, and Supervisory Individual.

### Item 3. Table of Contents

Item 1.	Cover Page	1
Item 2.	Material Changes	2
Item 3.	Table of Contents	3
Item 4.	Advisory Business	4
Item 5.	Fees and Compensation	4
Item 6.	Performance-Based Fees and Side-by-Side Management	5
Item 7.	Types of Clients	5
Item 8.	Methods of Analysis, Investment Strategies, and Risk of Loss	5
Item 9.	Disciplinary Information	6
Item 10.	Other Financial Industry Activities and Affiliations	6
Item 11.	Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading	6
Item 12.	Brokerage Practices	6-7
Item 13.	Review of Accounts	7
Item 14.	Client Referrals and Other Compensation	8
Item 15.	Custody	8
Item 16.	Investment Discretion	8
Item 17.	Voting Client Securities	8
Item 18.	Financial Information	8
Item 19.	Requirements for State-Registered Advisers	9-10
Item 20.	Privacy Policy	10

## Item 4. Advisory Business

- A) Longbow Asset Management based in Tulsa, Oklahoma was founded and commenced operations on September 30, 2003.

Longbow's co-owners and founders are Dwight T. Bottomley and Michael J. (Jake) Dollarhide.

- B) Longbow develops investment strategies to meet our clients' financial goals. Our investments strategies are created based on conversations with our clients about their current financial position, long term goals, risk tolerance, and income needs.
- C) Longbow seeks to customize each and every client relationship (to the scope and point that customization is necessary and possible) to build investment portfolios consistent with each client's risk and reward preferences as well as overall suitability based on each client's overall age, demographic, financial, and investment goal situation. Additionally, clients may impose restrictions on investing in certain securities and types of securities at anytime.
- D) Longbow does not currently participate (and has not ever participated) in any wrap-fee programs.
- E) As of December 31, 2017, Longbow managed \$86,276,881 assets under management (AUM) with \$81,441,714 on a discretionary basis and \$4,835,167 on a non-discretionary basis.

## Item 5. Fees and Compensation

- A) Our fee is an annual percentage of the market value of the client account. At the end of each quarter, the firm calculates in arrears the portfolio's asset management fee using market values for the last day of the calendar quarter as determined by the portfolio's custodian or a third party pricing service such as Interactive Data Corporation (IDC).

The firm's standard annual fee is 1%. The fee is negotiable. A client's specific fee schedule is established in a client's written investment advisory agreement with our firm.

- B) Clients may choose to either authorize our firm to debit our management fee directly from an investment account or to pay by check, according to preference. Clients select their billing method with Longbow at the beginning of the investment advisory relationship and may change it at any time.

Billing will commence as of the date of the investment advisory agreement between the client and the firm. Generally, households with more than \$250,000 in assets are billed quarterly while those with less than this amount are billed semi-annually.

- C) Longbow's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses, which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers-dealers and other third parties. Mutual funds and exchange traded funds charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees, and commissions are incurred directly by the client.
- D) Clients do not pay any fees in advance.
- E) Longbow does not compensate its employees for the sale of securities or other investment products.

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

Longbow does not accept or implement performance-based fees and we do not receive any compensation in connection with the purchase and sale of securities including commissions from load funds.

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

Longbow's manages accounts for individuals, families, trusts, endowments, corporations, individual retirement accounts (IRAs), 401(k) Plans, other retirement plans, 529 Plans, custodial accounts, other organizational accounts, and charitable accounts.

The minimum account size for opening an account with Longbow is \$250,000. Our firm may waive this minimum based on circumstances including, but not limited to the total assets managed for a household, age, and the future earnings potential of a client.

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

### **A) Analysis**

1) Equity – Our firm uses fundamental analysis to identify and select attractively priced securities. The quality of earnings is determined by using various measures, including: return-on-equity, profit margins, debt ratios, and cash flow. Valuation is analyzed using various multiples including price to earnings, price to book, and price to sales.

To reduce risk, we diversify across economic sectors and avoid taking concentrated positions. Regardless of the measures we take to reduce risk, investing in equity securities involves risk of loss which clients should be prepared to bear.

2) Fixed Income - Our fixed income portfolio seeks current income and capital safety by investing in a diverse mix of debt instruments including government bonds, corporate bonds, and preferred securities.

Historically, due to their fixed payment structures, bonds have offered lower risk than other investment vehicles such as equities. They are, however, by no means risk free. A variety of factors affects their performance, some severely, and all should be closely monitored and controlled.

Investing in securities involves risk of loss that clients should be prepared to bear.

### **B) Risk**

Investors in any security class, whether equities, fixed income or any other security types, face many risks and an investor's portfolio is always subject to realized and unrealized losses in any asset class.

1) Common stocks (and other equity securities) have historically experienced great risk measured by price volatility, the standard deviation of annual returns. The client understands that the firm cannot eliminate unique (company specific) or systemic (market) risk for any common stocks. The firm will attempt to diversify these risks but there is no guarantee that the firm will be able to do so.

2) Fixed income investing is no protection or guarantee from the reality of loss of principal, whether or not inflationary effects are considered. Additionally, with fixed income securities, the firm cannot eliminate interest rate risk, credit risk, default risk, reinvestment risk or any other associated risks.

## **Item 9. Disciplinary Information**

None.

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

None.

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

- A) Code of Ethics - our firm has adopted and strictly adheres to the Code of Ethics and Standards of Professional Conduct set forth by the Chartered Financial Analyst (CFA®) Institute. These guidelines clearly delineate right from wrong, thus eliminating 'gray areas' that may arise by providing a strict reference point.

We will provide a copy of our code of ethics to any clients or prospective client upon request.

- B) Our firm may buy or sell securities for client accounts in which the firm and its owners (officers), directors, employees and related persons have a material financial interest.
- C) Longbow Asset Management, Dwight T. Bottomley, Michael J. Dollarhide, and other employees of Longbow may buy and sell securities that we also recommend to clients with the understanding that client accounts take precedence (and are filled first in the case of block orders for example) over any Longbow related accounts, including corporate accounts or the individual accounts of any officers or employees of the firm.

## **Item 12. Brokerage Practices**

- A) Brokerage

Longbow's primary broker-dealer and custodian is Charles Schwab and Co., Inc., but since our firm is an independent investment advisory firm we have the ability to manage a client's account at practically any broker-dealer and the client always has the final say in where their account is held and managed by our firm.

Most all trades in client accounts are executed by the custodian of the account such as Charles Schwab. However, from time to time, when opportunities exist to execute trades at prices favorable for the accounts of clients and superior to potential execution prices offered by the client's custodian, Longbow may execute trades with third party brokerage firms, that is, brokerage firms that do not act as custodian for accounts of clients.

In all cases, Longbow has the fiduciary responsibility to achieve the best possible execution price and negotiate the most favorable commission rates on all trades executed for clients.

- 1) Longbow does not receive research or other products or services other than execution from broker-dealers or other third parties in connection with client securities transactions.
- 2) Longbow does not engage in client referral relationships with any broker-dealers.
- 3) Longbow does not participate in directed brokerage arrangements.

- B) Order Bunching

On some occasions we aggregate (or bunch) the purchase and sale of equity and fixed income securities for various client accounts in order to achieve the best execution and the most favorable prices for our client accounts.

Additionally, there are many occasions in which we do not aggregate (or bunch) the purchase and sale of equity and fixed income securities for client accounts (particularly when we invest on an account-by-account basis for

portfolio customization purposes). When purchase and sell orders that are not “bunched” some clients will most likely receive different execution prices than other clients (depending on market conditions and price fluctuations).

Additionally, securities may be purchased and sold for one client’s portfolio, but not be purchased and sold for another client’s portfolio, even though both portfolios have the same investment objectives and the same size. Also, the percentage of any asset in any portfolio or account may differ from one another. Likewise, the asset allocation or monetary commitment between different types of securities, i.e. the allocation among assets, may differ from one portfolio to another, or from one account to another, or both portfolio and account. Finally, the timing of purchases and sales of identical securities may differ among clients of the firm and securities which are purchased by or sold for the officers, shareholders, and employees of the firm, may or may not be purchased and sold for the client.

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

- A) Supervisory persons at Longbow monitor the securities that comprise our client accounts at various times daily. Additionally, Longbow reviews all client accounts on a weekly, monthly and quarterly basis as we seek to monitor proper diversification, security selection and performance, client cash requirements and the reinvestment of sold, called, or matured securities.

Jake Dollarhide (Chief Executive Officer) and Dwight Bottomley (President) are the firm’s supervisory persons that conduct the client account reviews.

- B) Anytime a client asks a question, authorizes a purchase or sell of a security, makes a request, or the firm sets up a portfolio review with a client, then that client’s accounts are reviewed in addition to the normal periodic scheduled reviews.
- C) Besides the account statements that the client’s custodian provides to the client, Longbow sends reports on a quarterly or semi-annual basis by mail that include unrealized gains and losses and performance reports.

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

Longbow has a referral arrangement with Helland Investment Management, Inc. as follows:

- 50% of the total quarterly asset management fees collected by Longbow Asset Management for former clients of Helland Investment Management shall be remitted to Helland Investment Management.
- The payments made by Longbow Asset Management to Helland Investment Management shall be for a rolling period of two years from their starting date as a Longbow Asset Management client, effectively for eight consecutive quarters.
- For referrals made by Helland Investment Management to Longbow Asset Management that do not become clients of Longbow Asset Management, zero amounts are owed to Helland Investment Management by Longbow Asset Management.
- For former Helland Investment Management clients that become Longbow Asset Management clients and ultimately terminate services with Longbow Asset Management, no future amounts would be owed to Helland Investment Management.

### **Item 15. Custody**

Under to the SEC’s Custody Rule, our firm is deemed to have custody anytime a client authorizes our firm to directly debit fees and for third-party money movements (checks and journals, MoneyLink/ACH, and wires).

For first-party money movements we require clients to sign an authorization including destination account details. Under these circumstances, first-party money movements do not trigger custody.

In every case, a qualified custodian sends monthly or quarterly statements directly to clients and clients should carefully review those statements. Additionally, Longbow sends quarterly or semi-annually account statements to clients as well. Longbow advises clients to carefully review and compare official custodial records to the account statements provided by our firm.

## **Item 16. Investment Discretion**

Longbow accepts “discretionary authority” to manage securities accounts on behalf of clients. In most cases, the client authorizes the firm to place any buy and sell orders it sees fit according to the agreed upon asset allocation and overall investment strategy as well as to give investment and settlement instructions for the portfolio via phone, facsimile, or electronically to the custodian or respective broker-dealer that execute the investment orders. The client also authorizes the firm to arrange for any other function necessary to manage the portfolio, including but not limited to the selection of custodians, brokers, and other entities used to hold assets, execute transactions, and perform all other functions for the client’s account.

In order for Longbow to have “discretionary authority” on a client’s account, the client must sign a power of attorney on his/her account with their respective broker-deal or custodian in order to grant that power to Longbow.

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

In most cases, Longbow will accept the authority to vote client securities via proxy vote (assuming the client chooses to grant us such authority). In all proxy situations, the firm, as the investment manager, has a duty to make independent proxy decisions and to decide with objectivity what is in the best interests of the beneficiaries for whom a proxy is voted (e.g., the client). At all times, client proxies will be voted and accurate proxy voting records will be maintained.

At anytime a client may obtain information from Longbow about how we voted on their respective securities and clients may obtain a copy of our proxy voting policies and procedures upon request.

## **Item 18. Financial Information**

Longbow does not require or solicit pre-payment of fees from clients and Longbow has not been the subject of a bankruptcy petition during the past ten years (or at anytime during its operating history).

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

### A) Backgrounds of Executive Officers and Supervisory Individuals--

Name: Michael J. (Jake) Dollarhide Birth date: September 4, 1974  
Executive Officer, Management Person, State Registered Adviser, and  
Supervisory Individual

Formal education following high school:

BS, Finance, 1997; The University of Tulsa, Tulsa, OK  
(with a Minor in Economics)  
MBA, 2002; The University of Tulsa, Tulsa, OK

Business background:

2003 to Present (2017)  
Chief Executive Officer  
Longbow Asset Management Company  
Tulsa, Oklahoma, USA

1997 to 2003  
Chief Operating Officer  
Fredric E. Russell Investment Management Co.  
Tulsa, Oklahoma, USA

1996 to 1997  
Assistant Portfolio Manager  
Fredric E. Russell Investment Management Co.  
Tulsa, Oklahoma, USA



Name: Dwight T. Bottomley, CFA      Birth date: October 15, 1976  
Executive Officer, Management Person, State Registered Adviser, and Supervisory Individual

(Dwight Bottomley is a U.S. citizen and a full-time resident of Sweden.)

Formal education following high school:

BS, Finance, 1999; The University of Tulsa, Tulsa, OK

Business background:

2003 to Present (2017)

President  
Longbow Asset Management Company  
Tulsa, Oklahoma, USA

2013 to Present (2017)

Managing Director  
West Coast Data Designs AB  
Halmstad, Sweden

2006 to 2013

Consultant  
Everest Asset Management AG  
Zurich, Switzerland

2004 to 2006

Consultant  
Alpine Atlantic Asset Management AG  
Zurich, Switzerland

1999 to 2003

Portfolio Manager, North American Equities  
Von Ernst Performa, AG  
Vaduz, Principality of Liechtenstein

1997 to 1999

Assistant Portfolio Manager  
Fredric E. Russell Investment Management Co.  
Tulsa, Oklahoma, USA

- A) Longbow is not actively engaged in any other businesses other than being an investment advisory firm.
- B) Longbow does not implement or use performance based fees not does it compensate its supervised persons for advisory services with performance based fees.

## Item 20. Privacy Policy

At Longbow Asset Management, your privacy is our priority. Our privacy policy applies to individuals, businesses, trusts, foundations, retirement plans, or any other entities or organizations who are current, former, or prospective clients or who register for one of our services or promotional offers.

Our privacy policy is as follows:

- 1) We do not sell your personal information to anyone.**
- 2) The law allows you to “opt out” of only certain kinds of information sharing with third parties. Longbow does not share personal information about you with any third parties that triggers this right to opt out. This means that YOU ARE ALREADY OPTED OUT.**
- 3) We collect personal information in the normal course of business in order to administer your accounts and use it to deliver the best possible service to you.**
- 4) We protect the confidentiality and security of your personal information.**
- 5) If at anytime in the future our privacy policy changes, we will provide notice of those changes to you in our information-sharing policies.**

Additionally, companies we hire to provide support services are not allowed to use your personal information for their own purposes and are contractually obligated to maintain strict confidentiality. Furthermore, we limit their use of your personal information to the performance of the specific service we have requested.

We restrict access to personal information to our employees and agents for business purposes only. All employees are trained and required to safeguard such information.

We maintain physical, electronic, and procedural safeguards to protect your personal information. If you have any questions or concerns, please call our office at 918-295-9929 or contact us by e-mail at [admin@lbamc.com](mailto:admin@lbamc.com).

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