Disclosure Brochure

March 11, 2024

Shepherd Financial Investment Advisory, LLC

111 Congressional Boulevard | Suite 100 | Carmel, IN 46032
toll free: 844-975-4015 | www.shepherdfin.com

This brochure provides information about the qualifications and business practices of Shepherd Financial Investment Advisory, LLC, a registered investment adviser. If you have any questions about the contents of this Disclosure Brochure, please contact us at 844-975-4015. The information in this Disclosure Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Registration with the SEC or state regulatory authority does not imply a certain level of skill or expertise.

Additional information about Shepherd Financial Investment Advisory, LLC is also available on the SEC's website at www.adviserinfo.sec.gov.

Material Changes

This Firm Brochure is our disclosure document prepared according to regulatory requirements. Consistent with these requirements, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

There are no material changes from the brochure dated March 31, 2023.

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Advisory Business

Shepherd Financial Investment Advisory, LLC ("Shepherd," "we," "our," or "us") is an Indiana limited liability company owned by Shepherd Financial Holdings, LLC ("Holdings"). Holdings is primarily owned by Steven Wylam, Thomas Mayer, Andrew Denny, and David Shepherd. We have been providing investment advisory services since September 2017. We provide advisory services and consulting to ERISA-qualified and non-qualified retirement plan clients.

Wealth Management Services—Advisory Clients

Shepherd's portfolio asset management services are predicated on the Advisory Client's investment objectives, goals, tolerance for risk, and other personal and financial circumstances. We will analyze each Advisory Client's current investments, investment objectives, goals, age, time horizon, financial circumstances, investment experience, investment restrictions and limitations, and risk tolerance and implement a portfolio consistent with such investment objectives, goals, risk tolerance and related financial circumstances. Our objective is to review the Advisory Client's investment objectives and goals in connection with other personal and financial circumstances and make appropriate recommendations and implementation decisions. In addition, we may utilize third-party software to analyze individual security holdings and separate account managers utilized within an Advisory Client's portfolio.

Our investment advisory services take into account an Advisory Client's personal financial circumstances, and our engagement will include, as appropriate, the following:

- Providing assistance in reviewing the Advisory Client's current investment portfolio against the client's personal and financial circumstances disclosed to us in response to a questionnaire and/or in discussions with the client and reviewed in meetings.
- Analyzing the client's financial circumstances, investment holdings and strategy, and goals.
- Providing assistance in identifying a targeted asset allocation and portfolio design.
- Retaining independent investment managers, as appropriate.
- Reporting to the Advisory Client on a quarterly basis or at some other interval agreed upon with the client, information on contributions and withdrawals in the client's investment portfolio, and the performance of the portfolio measured against appropriate benchmarks (including benchmarks selected by the client).
- Proposing changes in the Advisory Client's investment portfolio in consideration of changes in the client's personal circumstances, investment objectives and tolerance for risk, the performance record of any of the client's investments, and/or the performance of any investment manager retained on behalf of the client.

In addition to providing us with information regarding their personal financial circumstances, investment objectives and tolerance for risk, Advisory Clients must provide us with any reasonable investment restrictions that should be imposed on the management of their portfolio, and to promptly notify us in writing of any changes in such restrictions or in the Advisory Client's personal financial circumstances, investment objectives, goals and tolerance for risk. We remind clients of their obligation to inform us of any such changes or any restrictions that should be imposed on the management of their account. We also contact Advisory Clients at least annually to determine whether there have been any changes in their personal financial circumstances, investment objectives and tolerance for risk.

Wealth Planning Services

Shepherd offers wealth planning as part of its investment management services or as a standalone service. Clients will receive a written or oral report (depending on the client's preference) providing a basic financial plan designed to help achieve their stated financial goals and objectives. Based on the client's needs, financial planning services may include (but are not limited to) the following:

- Liability Management
  - Understand debt utilization and opportunities for arbitrage.
  - Assist family with banking relationships and employing "Family Bank" concept.
- Insurance Evaluation
  - Evaluate whether advanced life insurance planning could enhance overall family wealth.
  - Identify any gaps in insurance coverages, or opportunities to shift risk / enhance liability protection.
  - Review whether long-term care or longevity income is appropriate.
- Tax Planning
  - Coordinate efforts with the family CPA and team to monitor and enhance tax strategies.
  - Plan for highly appreciated individual stock investments, assist with entity tax planning, evaluate distributions from IRA accounts, charitable giving / charitable entity planning, etc.
- Estate & Wealth Transfer
  - Review and document estate planning and wealth transfer objectives.
  - Develop estate planning summary / flowchart for communication purposes.
  - Create, track, and develop thorough understanding of consolidated balance sheet.
  - Identify and model multi-generational wealth transfer opportunities.

ERISA-Qualified Plans

Shepherd either serves as the plan's investment adviser under Section 3(21) of the Employee Retirement Income

Security Act of 1974 ("ERISA") (in which case we will recommend investments for approval by the plan's named fiduciaries), or as the plan's investment manager under ERISA §3(38) (in which case we will manage the plan's investments on a discretionary basis). For plans with participant-directed accounts, we may provide advice or management on the investment options available to the plan's participants. When we provide these services, we work with the plan's named fiduciaries to evaluate the demographics of the plan's participants to select investment options that are appropriate for their retirement needs based upon ERISA §404(c)'s requirement that participant-directed retirement plans offer a "broad range" of investment options. The plan's named fiduciaries may impose restrictions on the types of investments that may be held by, or offered through, the plan, and those guidelines are typically referenced in the plan's investment policy statement.

We also offer additional services to our retirement plan clients, including assisting the plan's named fiduciaries with drafting the plan's investment policy statement, selecting an appropriate qualified designated investment alternative, investment manager search, selection, due diligence and monitoring, fiduciary training, fee benchmarking analysis, and investment education / engagement, financial wellness and enrollment services for the plan's participants.

The asset allocation and mutual fund recommendations we give to plan clients may differ from those we give to our high-net-worth and affluent individuals and institutions because, among other reasons, a participant's asset allocation target typically consists of a smaller number of asset categories to reflect the relatively smaller size of the participant's investment assets; or the sponsor has constrained the investment alternatives from which we may make recommendations. In such cases, we may be required to observe quantitative criteria established by the sponsor in preparing participant-oriented lists of mutual funds, or to confine the advice given to choices among a relatively narrow set of investment alternatives established by the sponsor. Participants are informed when the plan sponsor imposes constraints on our ability to recommend mutual funds or other securities.

Discretionary Asset Management

When we provide discretionary asset management services, we receive a limited power of attorney to effect securities transactions for our clients that include securities and strategies described under *"Methods of Analysis, Investment Strategies & Risk of Loss"* below. Our discretionary asset management services are predicated on the plan's investment mandate or investment policy statement.

Client-Tailored Services & Client-Imposed Restrictions

Each Advisory Client's account will be managed on the basis of the client's financial situation and investment objectives and in accordance with any reasonable restrictions imposed by the client on the management of the account—for example, restricting the type or amount of security to be purchased in the portfolio.

Wrap Fee Programs

Shepherd offers its individual wealth management services exclusively in its proprietary wrap fee program, where certain brokerage commissions and transaction costs are included in the asset-based fee charged to the client.

Assets Under Management

As of December 31, 2023, Shepherd has $3,304,141,937 in non-discretionary assets under management, and $712,801,107 in discretionary assets under management.

Fees & Compensation

Individual Wealth Management Fees

All individual wealth management services are provided exclusively through our wrap fee program. Wealth management fees are paid monthly, at the end of each month pursuant to the terms of the wealth management agreement. Wealth management fees are based on the average daily closing market value of assets under management during the month. Wealth management fees range from 0.50% to 1.20% annually based on several factors, including: the scope and complexity of the services to be provided; the level of assets to be managed; and/or the overall relationship with the advisor. Relationships with multiple objectives, specific reporting requirements, portfolio restrictions and other complexities may be charged a higher fee. The wealth management fee may be offered as a fixed annual rate or a tiered, incremental fee schedule, not to exceed to the range above.

The wealth management fee in the first month of service is prorated from the inception date of the account[s] to the end of the first month. Fees may be negotiable at the sole discretion of the advisor. The client's fees will take into consideration the aggregate assets under management with us. All securities held in accounts managed by Shepherd will be independently valued by the custodian. Shepherd will not have the authority or responsibility to value portfolio securities.

A client investment advisory agreement may be canceled at any time by the client, or by us with 30 days' prior written notice to the client. Upon termination, any earned, unpaid fees will be due and payable/unearned, prepaid fees will be refunded.

ERISA-Qualified Plan Fees

We charge either on a percentage of assets in the retirement plan or as a flat amount. These fees are negotiable and vary greatly based upon the size of the plan and the services we provide. Retirement plan clients may decide whether the fees will be paid directly by the plan sponsor or deducted from plan assets. Because our fees are often paid by the plan's custodian, the custodian usually determines whether our fee will be paid in advance or in arrears. However, if the plan sponsor pays our fee directly, the parties may negotiate when those payments will be due. Under ERISA §408(b)(2), we and other vendors providing services to the plan must disclose all direct and indirect compensation they will receive in exchange for the services they provide to a retirement plan. We disclose the services we will provide and the fee we charge for those services in the written agreement with the retirement plan's sponsor.

Our advisory fee does not include any applicable taxes; confirmation fees for trades; custodial fees; brokerage commissions; transaction fees; charges imposed directly by a mutual fund, index fund, or ETF (as disclosed on the fund's prospectus); fees imposed by variable annuity providers (as disclosed in the annuity contract); certain deferred sales charges; odd-lot differentials; transfer taxes; wire transfer and electronic fund fees, as well as other fees imposed upon brokerage accounts and securities transactions. The plan's administrator is required to provide participants with a disclosure of the costs associated with the investment options offered under the plan, such as mutual fund internal expenses, under ERISA §404(a)(5).

Wealth Planning Fees

For clients with at least $500,000 in assets under management with Shepherd, wealth planning is offered at no additional charge. For standalone financial planning or clients with less than $500,000 in assets under management, Shepherd will charge an hourly fee from $300 to $600 per hour, depending on the advisor handling the client's account. The wealth planning fee typically incorporates a minimum of six hours and may increase, depending on the scope of work required.

We require 50 percent of the fee to be paid in advance prior to the start of the project, with the remainder to be paid upon completion and delivery of the plan. We do not require prepayment of fees of $1,200 or more, six months or more in advance. Clients seeking to terminate this service must do so in writing.

Payment of Fees

Our advisory fees are either paid directly by the client or disbursed to us by the qualified custodian, subject to the client's prior written consent. The custodian will deliver directly to the client an account statement, at least quarterly, showing all investment and transaction activity for the period, including fee disbursements from the account. A client's investment advisory agreement may be canceled by either party upon 30 days' prior written notice. Upon termination, any unearned, prepaid fees will be promptly refunded and any earned, unpaid fees will be immediately due and payable.

We generally require clients to authorize the direct debit of fees from their accounts. For directly debited fees, the custodian's periodic statements will show each fee deduction from the account. Clients may withdraw this authorization for direct billing of these fees at any time by notifying us or their custodian in writing. The client is responsible for verifying the accuracy of the fee calculation, as the client's custodian will not verify the calculation.

Additional Charges

Our fees for investment advisory services are separate and distinct from the fees and expenses charged by ETF, mutual funds, pooled investment vehicles, broker-dealers, and custodians retained by clients. Such fees and expenses are described in each ETF and mutual fund's prospectus, each separate account manager's Form ADV and Brochure and Brochure Supplement or similar disclosure statement, each pooled investment vehicle's offering memoranda, and by any broker-dealer or custodian retained by the client. Clients are advised to read these materials carefully before investing. A client may be precluded from using certain mutual funds or separate account managers because they may not be offered by the client's custodian.

External Compensation for the Sale of Securities to Clients

Shepherd's advisory professionals are compensated primarily through a salary and bonus structure. Shepherd's advisory professionals may be paid sales, service or administrative fees for the sale of mutual funds or other investment products. Shepherd's advisory professionals may receive commission-based compensation for the sale of securities and insurance products. Investment adviser representatives, in their capacity as a Lincoln Investment registered representative, are prohibited from earning an advisory fee on the securities value transferred from an advisory client's Lincoln Investment brokerage account unless commissions earned on such securities transactions occurred at least a 12–18 months prior to the transfer.

With respect to Plan clients, Shepherd Financial advisors receive fee-based compensation. Please see *"Other Financial Industry Activities & Affiliations"* below for detailed information and conflicts of interest regarding other sources of compensation.

Important Disclosure – Custodian Investment Programs

Please be advised that certain of the firm's investment adviser representatives are registered with a broker-dealer and/or the firm is a broker-dealer or affiliated with a broker-dealer. Under these arrangements, we can access certain investment programs offered through the broker-dealer that offer certain compensation and fee structures that create conflicts of interest of which clients need to be aware. As such, the investment adviser representative and/or the firm may have an economic incentive to recommend the purchase of 12b-1 or revenue share class mutual funds offered through the broker-dealer platform rather than from the investment adviser platform.

Please be advised that the firm utilizes certain custodians/broker-dealers. Under these arrangements we can access certain investment programs offered through such custodian(s) that offer certain compensation and fee structures that create conflicts of interest of which clients need to be aware. Please note the following:

Limitation on Mutual Fund Universe for Custodian Investment Programs: Please note that as a matter of policy we prohibit the receipt of revenue share fees from any mutual funds utilized for our advisory clients' portfolios. There are certain programs in which we participate where a client's investment options may be limited in certain of these programs to those mutual funds and/or mutual fund share classes that pay 12b-1 fees and other revenue sharing fee payments, and the client should be aware that the firm is not selecting from among all mutual funds available in the marketplace when recommending mutual funds to the client.

Conflict Between Revenue Share Class (12b-1) and Non-Revenue Share Class Mutual Funds: Revenue share class/12b-1 fees are deducted from the net asset value of the mutual fund and generally, all things being equal, cause the fund to earn lower rates of return than those mutual funds that do not pay revenue sharing fees. The client is under no obligation to utilize such programs or mutual funds. Although many factors will influence the type of fund to be used, the client should discuss with their investment adviser representative whether a share class from a comparable mutual fund with a more favorable return to investors is available that does not include the payment of any 12b-1 or revenue sharing fees given the client's individual needs and priorities and anticipated transaction costs. In addition, the receipt of such fees can create conflicts of interest in instances [If registered reps of a broker dealer: (i) where our adviser representative is also licensed as a registered representative of a broker-dealer and receives a portion of 12b-1 and or revenue sharing fees as compensation – such compensation creates an incentive for the investment adviser representative to use programs which utilize funds that pay such additional compensation; and (ii)] where the custodian receives the entirety of the 12b-1 and/or revenue sharing fees and takes the receipt of such fees into consideration in terms of benefits it may elect to provide to the firm, even though such benefits may or may not benefit some or all of the firm clients.

Additional Disclosure Concerning Wrap Programs: To the extent that we either sponsor or recommend wrap fee programs, please be advised that certain wrap fee programs may (i) allow our investment adviser representatives to select mutual fund classes that either have no transaction fee costs associated with them but include embedded 12b-1 fees that lower the investor's return ("sometimes referred to as "A-Shares," depending on the mutual fund issuer), or (ii) allow the use of mutual fund classes that have transaction fees associated with them but do not carry embedded 12b-1 fees (sometimes referred to as "I-Shares," depending on the mutual fund sponsor). Wrap fee programs offer investment services and related transaction services for one all-inclusive fee (except as may be described in the applicable wrap fee program brochure). The trading costs are typically absorbed by the firm and/or the investment representative. If a client's account holds A- Shares within a wrap fee program, the firm and/or its investment adviser representative avoids paying the transaction fees charged by other mutual fund classes, which in effect decreases the firm's costs and increases its revenues from the account. Effectively, the cost is transferred to the client from the firm in the form of a lower rate of return on the specific mutual fund. This creates an incentive for the firm or investment adviser representative to utilize such funds as opposed to those funds that may be equally appropriate for a client but do not carry the additional cost of 12b-1 fees. As a policy matter, the firm does not allow funds that impose 12b-1 or revenue sharing fees on the client's investment within its wrap fee programs. Clients should understand and discuss with their investment adviser representative the types of mutual fund share classes available in the wrap fee program and the basis for using one share class over another in accordance with their individual circumstances and priorities.

Performance-Based Fees & Side-by-Side Management

We do not charge performance-based fees and therefore we have no economic incentive to manage clients' portfolios in any way other than what is in their best interests.

Types of Clients

We provide advisory and management services to individuals and high-net-worth individuals, 401(k), 403(b), 457, profit sharing, cash balance, and pension plans for private and publicly held companies, charitable organizations, and governmental entities. We do not require a minimum account size, but may impose a minimum annual fee.

Methods of Analysis, Investment Strategies & Risk of Loss

Methods of Analysis & Investment Strategies

We use a variety of sources of data to conduct our economic, investment and market analysis, such as financial newspapers and magazines, economic and market research materials prepared by others, conference calls hosted by mutual funds, corporate rating services, annual reports, prospectuses, and company press releases. It is important to keep in mind that there is no specific approach to investing that guarantees success or positive returns; investing in securities involves risk of loss that clients should be prepared to bear.

We and our IARs are responsible for identifying and implementing the methods of analysis used in formulating investment recommendations to clients. The methods of analysis may include quantitative methods for optimizing client portfolios, computer-based risk/return analysis, technical analysis, and statistical and/or computer models utilizing long-term economic criteria.

- Optimization involves the use of mathematical algorithms to determine the appropriate mix of assets given the firm's current capital market rate assessment and a particular client's risk tolerance.
- Quantitative methods include analysis of historical data such as price and volume statistics, performance data, standard deviation and related risk metrics, how the security performs relative to the overall stock market, earnings data, price to earnings ratios, and related data.
- Technical analysis involves charting price and volume data as reported by the exchange where the security is traded to look for price trends.

- Computer models may be used to derive the future value of a security based on assumptions of various data categories such as earnings, cash flow, profit margins, sales, and a variety of other company specific metrics.

We may employ outside vendors or utilize third-party software to assist in formulating investment recommendations.

Our investment strategies are custom-tailored to the client's goals, investment objectives, risk tolerance, and personal and financial circumstances.

Mutual Funds, Third-Party Separate Account Managers & Pooled Investment Vehicles

We may recommend (i) no-load mutual funds; (ii) individual securities such as ETFs; and (iii) pooled investment vehicles such as collective investment trusts. We may also assist the client in selecting one or more appropriate managers for all or a portion of the client's portfolio. Such managers will typically manage assets for clients who commit to the manager a minimum amount of assets established by that manager—a factor that we will take into account when recommending managers to clients.

We have formed relationships with third-party vendors that provide a technological platform for separate account management; prepare performance reports; perform or distribute research of individual securities; and perform billing and certain other administrative tasks.

We may utilize additional independent third parties to assist us in recommending and monitoring individual securities, mutual funds, managers and pooled investment vehicles to clients as appropriate under the circumstances.

We review certain quantitative and qualitative criteria of mutual funds and managers and to formulate investment recommendations to our clients. Quantitative criteria may include the performance history of a mutual fund or manager evaluated against that of its peers and other benchmarks; an analysis of risk-adjusted returns; an analysis of the manager's contribution to the investment return (e.g., manager's alpha), standard deviation of returns over specific time periods, sector and style analysis; the fund, sub-adviser or manager's fee structure; and the relevant portfolio manager's tenure. Qualitative criteria used in selecting/recommending mutual funds or managers include the investment objectives and/or management style and philosophy of a mutual fund or manager; a mutual fund or manager's consistency of investment style; and employee turnover and efficiency and capacity.

Quantitative and qualitative criteria related to mutual funds and managers are reviewed by Shepherd on a quarterly basis or such other interval as appropriate under the circumstances. In addition, mutual funds or managers are reviewed to determine the extent to which their investments reflect efforts to time the market, or evidence style drift such that their portfolios no longer accurately reflect the particular asset category attributed to the mutual fund or manager by Shepherd (both of which are negative factors in implementing an asset allocation structure).

We may negotiate reduced account minimum balances and reduced fees with managers under various circumstances (e.g., for clients with minimum level of assets committed to the manager for specific periods of time, etc.). There can be no assurance that clients will receive any reduced account minimum balances or fees, or that all clients, even if apparently similarly situated, will receive any reduced account minimum balances or fees available to some other clients. Also, account minimum balances and fees may significantly differ between clients. Each client's individual needs and circumstances will determine portfolio weighting, which can have an impact on fees given the funds or managers utilized. We endeavor to obtain equal treatment for our clients with funds or managers, but cannot assure equal treatment.

We regularly review the activities of mutual funds and managers selected for clients. Clients that engage managers or who invest in mutual funds should first review and understand the disclosure documents of those managers or mutual funds, which contain information relevant to such retention or investment, including information on the methodology used to analyze securities, investment strategies, fees and conflicts of interest. Similarly, clients qualified to invest in pooled investment vehicles should review the offering memoranda or other disclosure materials relating to such vehicles before making a decision to invest.

Material Risks of Investment Instruments

We may recommend open-end mutual funds and ETFs for the vast majority of our clients. In addition, for certain clients, we may also invest in equity securities.

Equity Securities: Investing in individual companies involves inherent risk. The major risks relate to the company's capitalization, quality of the company's management, quality and cost of the company's services, the company's ability to manage costs, efficiencies in the manufacturing or service delivery process, management of litigation risk, and the company's ability to create shareholder value (i.e., increase the value of the company's stock price). Foreign securities, in addition to the general risks of equity securities, have geopolitical risk, financial transparency risk, currency risk, regulatory risk and liquidity risk.

Mutual Funds: Investing in mutual funds carries inherent risk. The major risks of investing in a mutual fund include the quality and experience of the portfolio management team and its ability to create fund value by investing in securities that have positive growth, the amount of individual company diversification, the type and amount of industry diversification, and the type and amount of sector diversification within specific industries. In addition, mutual funds tend to be tax inefficient and therefore investors may pay capital gains taxes on fund investments while not having yet sold the fund.

ETFs: ETFs are investment companies whose shares are bought and sold on a securities exchange. An ETF holds a portfolio of securities designed to track a particular market segment or index. Some examples of ETFs are SPDRs®, streetTRACKS®, DIAMONDS℠, NASDAQ 100 Index

Tracking Stock℠, iShares®, and VIPERs®. We could purchase an ETF to gain exposure to a portion of the U.S. or foreign market. Clients, as a shareholder of the ETF, will bear their pro-rata portion of the ETF's advisory fee and other expenses. Investing in ETFs involves risk. Specifically, an ETF, depending on the underlying portfolio and its size, can have wide price (bid and ask) spreads, thus diluting or negating any upward price movement of the ETF or enhancing any downward price movement. Also, ETFs require more frequent portfolio reporting by regulators and are thereby more susceptible to actions by hedge funds that could have a negative impact on the price of the ETF. Certain ETFs may employ leverage, which creates additional volatility and price risk depending on the amount of leverage utilized, the collateral and the liquidity of the supporting collateral. Further, the use of leverage (i.e., employing the use of margin) generally results in additional interest costs to the ETF. Certain ETFs are highly leveraged and therefore have additional volatility and liquidity risk. Volatility and liquidity can severely and negatively impact the price of the ETF's underlying portfolio securities, thereby causing significant price fluctuations of the ETF.

Disciplinary Information

Not applicable.

Other Financial Industry Activities & Affiliations

Our owners and IARs are registered representatives of Lincoln Investment, a FINRA-registered broker-dealer and member of SIPC. Also, members and IARs are investment advisory representatives of Lincoln Investment or Capital Analysts, an SEC-registered investment adviser. As a result, such professionals, in their capacity as registered representatives of Lincoln Investment, are subject to the oversight of Lincoln Investment and the FINRA. As such, clients should understand that their personal and account information is available to FINRA and Lincoln Investment personnel in the fulfillment of their oversight obligations and duties.

In certain circumstances, our IARs who effect transactions for advisory clients may receive transaction or commission compensation from Lincoln Investment. The recommendation of securities transactions for commission creates a conflict of interest in that the IAR is incented to effect securities transactions for clients. Although we strive to put our clients' interests first, such recommendations may be viewed as being in the best interests of the IAR rather than in the client's best interest. Our clients are not compelled to effect securities transactions through Lincoln Investment.

Shepherd Insurance, LLC is an affiliate of Shepherd. Our clients may be referred to Shepherd Insurance for insurance products and we may receive a finder's fee for doing so. This creates a conflict of interest in that there is an economic incentive to recommend insurance and other investment products of such carriers. Other than for insurance products that require a securities license, such as variable insurance products, clients may utilize any insurance carrier or insurance agency they desire. For products requiring a securities and insurance license, clients may be limited to those insurance carriers that have a selling agreement with Lincoln Investment.

Code of Ethics, Participation or Interest in Client Transactions & Personal Trading

Code of Ethics Description

We have adopted policies and procedures designed to detect and prevent insider trading. In addition, we have adopted a Code of Ethics (the "Code"). Among other things, the Code includes written procedures governing the conduct of Shepherd's advisory and access persons. The Code also imposes certain reporting obligations on persons subject to the Code. Applicable securities transactions are monitored by our chief compliance officer. We will send clients a copy of the Code upon request.

We have policies and procedures in place to help ensure that the interests of our clients are given preference over ours, our affiliates and employees. For example, we have policies in place to prevent the misappropriation of material non-public information, and such other policies and procedures reasonably designed to comply with federal and state securities laws.

Purchase of Securities Recommended to Clients & Conflicts of Interest

Shepherd, its affiliates, employees and their families, trusts, estates, charitable organizations and retirement plans established by it (collectively, the "Firm Affiliates") may purchase the same securities as are purchased for clients in accordance with the Code. Firm Affiliates' personal securities transactions may raise potential conflicts of interest when they trade in a security that is owned by the client, or considered for purchase or sale for the client.

Such conflict generally refers to the practice of front-running (trading ahead of the client), which we specifically prohibit. We have adopted policies and procedures that are intended to address these conflicts of interest. These policies and procedures—

- require Firm Affiliates to act in the client's best interest;
- prohibit fraudulent conduct in connection with the trading of securities in a client account;
- prohibit employees from personally benefitting by causing a client to act, or fail to act in making investment decisions;
- prohibit the firm or its employees from profiting or causing others to profit on knowledge of completed or contemplated client transactions;
- allocate investment opportunities in a fair and equitable manner; and

- provide for the review of transactions to discover and correct any trades that result in a Firm Affiliate benefitting at the expense of a client.

Firm Affiliates must follow our procedures when purchasing or selling the same securities purchased or sold for a client.

Firm Affiliates may buy securities for their own accounts that differ from those recommended or effected for our clients. We will make a reasonable attempt to trade securities in client accounts at or prior to trading the securities in Firm Affiliate accounts. Trades executed the same day will likely be subject to an average pricing calculation. Our policy is to place the clients' interests above ours and our employees.

Brokerage Practices

Factors Used to Select Broker-Dealers for Client Transactions

Custodian Recommendations

We require Advisory Clients to establish brokerage accounts with those custodians utilized by SEI within their managed account platforms. Shepherd is independently owned and operated and not affiliated with any custodian. For Advisory Client accounts, the custodian may or may not charge separately for custody services but may be compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through the custodian or that settle into custodian accounts.

In certain instances, we will recommend to clients certain other broker-dealers and/or custodians based on the needs of the individual client, taking into consideration the nature of the services required, the experience of the broker-dealer or custodian, the cost and quality of the services, and the reputation of the broker-dealer or custodian. The final determination to engage a broker-dealer or custodian we recommend will be made by and in the sole discretion of the client. The client recognizes that broker-dealers and/or custodians have different cost and fee structures and trade execution capabilities. As a result, there may be disparities with respect to the cost of services and/or the transaction prices for securities transactions executed on behalf of the client. Clients are responsible for assessing the commissions and other costs charged by broker-dealers and/or custodians.

Soft Dollar Arrangements

We do not utilize soft dollar arrangements, nor do we direct brokerage transactions to executing brokers for research and brokerage services.

Institutional Trading & Custody Services

Custodians may provide us with access to their institutional trading and custody services, which are typically not available to the custodians' retail investors. These services are generally available to independent investment advisors on an unsolicited basis, at no charge to them so long as a certain minimum amount of the advisor's clients' assets are maintained in accounts at the custodian. Custodians' brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or that would require a significantly higher minimum initial investment.

Other Products & Services

Custodians also make available to us other products and services that benefit us but may not directly benefit clients' accounts. Many of these products and services may be used to service all or some substantial number of our accounts, including accounts not maintained at the custodian. Custodians may also make available to us software and other technology that

- provide access to client account data (such as trade confirmations and account statements)
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- provide research, pricing and other market data
- facilitate payment of our fees from its clients' accounts
- assist with back-office functions, recordkeeping and client reporting

Custodians may also offer other services intended to help us manage and further develop our business enterprise. These services may include

- compliance, legal and business consulting
- publications and conferences on practice management and business succession
- access to employee benefits providers, human capital consultants and insurance providers

Custodians may also provide other benefits such as educational events or occasional business entertainment of our personnel. In evaluating whether to recommend that Advisory Clients custody their assets at the custodian, we may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors we consider, and not solely the nature, cost or quality of custody and brokerage services provided by the custodian, which may create a potential conflict of interest.

Independent Third Parties

Custodians may make available, arrange, and/or pay third-party vendors for the types of services rendered to us. Custodians may discount or waive fees they would otherwise charge for some of these services or all or a part of the fees of a third party providing these services to us.

Private Fund Brokerage

A Private Fund's Offering Documents will explain our authority to select brokers and the amount of commissions charged to the Private Fund, as well as our best execution duties.

Brokerage for Client Referrals

We do not engage in the practice of directing brokerage commissions in exchange for the referral of advisory clients.

Directed Brokerage

Shepherd Recommendations

If requested by an Advisory Client, we may recommend a variety of custodians for clients' funds and securities and to execute securities transactions on its clients' behalf.

Client-Directed Brokerage

Occasionally, clients may direct us to use a particular broker-dealer to execute portfolio transactions for their account or request that certain types of securities not be purchased for their account. Clients who designate the use of a particular broker-dealer should be aware that they will lose any possible advantage we derive from aggregating transactions. We lose the ability to aggregate trades with other Advisory Client accounts, potentially subjecting the client to inferior trade execution prices as well as higher commissions.

Aggregating Securities Transactions for Client Accounts

Best Execution

Under the terms of our investment advisory agreement with Advisory Clients, we have discretionary authority to determine which securities are to be bought and sold, the amount of such securities, the executing broker, and the commission rates to be paid to effect such transactions. We recognize that the analysis of execution quality involves a number of factors, both qualitative and quantitative. We follow a process in an attempt to ensure that we are seeking to obtain the most favorable execution under the prevailing circumstances when placing client orders. These factors include the following:

- The financial strength, reputation and stability of the broker
- The efficiency with which the transaction is effected
- The ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any)
- The availability of the broker to stand ready to effect transactions of varying degrees of difficulty in the future
- The efficiency of error resolution, clearance and settlement
- Block trading and positioning capabilities
- Performance measurement
- Online access to computerized data regarding customer accounts
- Availability, comprehensiveness, and frequency of brokerage and research services
- Commission rates
- The economic benefit to the client
- Related matters involved in the receipt of brokerage services

Consistent with our fiduciary responsibilities, we seek to ensure that clients receive best execution with respect to clients' transactions by blocking client trades to reduce commissions and transaction costs. To the best of our knowledge, these custodians provide high-quality execution, and our clients do not pay higher transaction costs in return for such execution.

Commission rates and securities transaction fees charged to effect such transactions are established by the client's independent custodian and/or broker-dealer. Based upon our own knowledge of the securities industry, we believe that such commission rates are competitive within the securities industry. Lower commissions or better execution may be able to be achieved elsewhere.

Security Allocation

Since we may be managing accounts with similar investment objectives, we may aggregate orders for securities for Advisory Client accounts. In such event, allocation of the securities so purchased or sold, as well as expenses incurred in the transaction, is made by the Firm in the manner it considers to be the most equitable and consistent with its fiduciary obligations to such accounts.

Our allocation procedures seek to allocate investment opportunities among clients in the fairest possible way, taking into account the clients' best interests. We will follow procedures to ensure that allocations do not involve a practice of favoring or discriminating against any client or group of clients. Account performance is never a factor in trade allocations.

Our advice to certain clients and entities and our action for those and other clients are frequently premised not only on the merits of a particular investment, but also on the suitability of that investment for the particular Advisory Client in light of his or her applicable investment objective, guidelines and circumstances. Thus, any action with respect to a particular investment may, for a particular client, differ or be opposed to the recommendation, advice, or actions of the Firm to or on behalf of other clients.

Order Aggregation

Orders for the same security entered on behalf of more than one Advisory Client will generally be aggregated (i.e., blocked or bunched) subject to the aggregation being in the best interests of all participating clients. Subsequent orders for the same security entered during the same trading day may be aggregated with any previously unfilled orders. Subsequent orders may also be aggregated with filled orders if the market price for the security has not materially changed and the aggregation does not cause any unintended duration exposure. All clients participating in each aggregated order will receive the average price and, subject to minimum ticket charges and possible step outs, pay a pro rata portion of commissions.

To minimize performance dispersion, “strategy” trades should be aggregated and average priced. However, when a trade is to be executed for an individual account and the trade is not in the best interests of other accounts, then the trade will only be performed for that account. This is true even if we believe that a larger size block trade would lead to best overall price for the security being transacted.

Allocation of Trades

All allocations will be made prior to the close of business on the trade date. In the event an order is “partially filled,” the allocation will be made in the best interests of all the clients in the order, taking into account all relevant factors including the size of each client’s allocation, Advisory Clients’ liquidity needs and previous allocations. In most cases, accounts will get a pro forma allocation based on the initial allocation. This policy also applies if an order is “over-filled.”

We act in accordance with our duty to seek best price and execution and will not continue any arrangements if we determine that such arrangements are no longer in the best interest of our clients.

Review of Accounts

Frequency of Reviews

Securities in Client accounts are monitored on a regular and continuous basis by Advisory Persons of the Advisor and periodically by the CCO. Formal reviews are generally conducted at least annually or more frequently depending on the needs of the Client.

Causes for Reviews

In addition to the investment monitoring noted above, each Client account shall be reviewed at least annually. Reviews may be conducted more frequently at the Client’s request. Accounts may be reviewed as a result of major changes in economic conditions, known changes in the Client’s financial situation, and/or large deposits or withdrawals in the Client’s account[s]. The Client is encouraged to notify Shepherd Financial Investment Advisory if changes occur in the Client’s personal financial situation that might adversely affect the Client’s investment plan. Additional reviews may be triggered by material market, economic or political events.

Review Reports

The Client will receive brokerage statements no less than quarterly from the Custodian. These brokerage statements are sent directly from the Custodian to the Client. The Client may also establish electronic access to the Custodian’s website so that the Client may view these reports and their account activity. Client brokerage statements will include all positions, transactions and fees relating to the Client’s account[s]. The Advisor may also provide Clients with periodic reports regarding their holdings, allocations, and performance.

Client Referrals & Other Compensation

We have an agreement with our affiliate, Shepherd Insurance, under which we may refer advisory clients and receive a finder’s fee of 35% of the first year’s revenue. There is a potential conflict of interest in that there is an economic incentive to recommend insurance and other investment products offered through our affiliate by various insurance carriers with which our affiliate has a selling agreement. Clients may choose the provider of their choice.

We may, in some circumstances, compensate third-party solicitors (“Solicitors”) for client referrals. In general, a Solicitor is compensated by a percentage of the advisory fee collected for a limited period time specified in the agreement between us and the Solicitor. The client pays no additional fee for the referral over and above our advisory fee; to the contrary, our fees are reduced by the amount of the compensation to a Solicitor. A client who is solicited will receive a separate Solicitor’s Disclosure Statement describing the arrangement in detail.

Custody

Clients receive at least quarterly account statements directly from their custodian containing a description of all activity, cash balances and portfolio holdings in the client’s account. Clients are urged to review the custodian statement for accuracy. Any discrepancies should be brought to the firm’s attention. The custodian’s statement is the official record of the account.

Investment Discretion

Clients may grant us a limited power of attorney respecting trades for their accounts by signing the appropriate custodian limited power of attorney form. In those cases, we will exercise full discretion as to the nature and type of securities to be purchased and sold, and the amount of securities for such transactions. Investment limitations may be designated by the client as outlined in the investment advisory agreement.

Voting Client Securities

We do not take discretion with respect to voting proxies on behalf of clients. We endeavor to make recommendations to clients on voting proxies regarding shareholder vote, consent, election or similar actions solicited by, or with respect to, issuers of securities in client accounts. Except as required by applicable law, we will not be obligated to render advice or take any action on behalf of clients respecting assets presently or formerly held in their accounts that become the subject of any legal proceedings, including bankruptcies. From time to time, client account securities will be the subject of class action lawsuits. We have no obligation to determine if securities held by a client are subject to a pending or resolved class action lawsuit. We have no duty to evaluate a client’s eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, we have no obligation or responsibility to initiate litigation to recover damages for clients who may have been injured as a result of actions, misconduct, or negligence by corporate management of issuers whose securities are held by clients. Where we receive written or electronic notice of a class action lawsuit, settlement, or verdict affecting securities owned by a client, we will forward all notices, proof of claim forms, and other materials to the client. Electronic mail is acceptable where appropriate and where the client has authorized contact in this manner.

Financial Information

Not applicable.