

# **Shepherd Wealth Group, Inc.**

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## **FORM ADV PART 2A BROCHURE**

This brochure provides information about the qualifications and business practices of Shepherd Wealth Group, Inc. If you have any questions about the contents of this brochure, please contact us at 520.325.1600 or [dave@shepherdwealth.com](mailto:dave@shepherdwealth.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 Shepherd Wealth Group, Inc also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number.

Our firm's CRD number is 116151.

## **Item 2 Summary of Material Changes**

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since our last annual updating amendment dated March 24, 2016, there are no material changes to report.

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## Item 4 Advisory Business

Shepherd Wealth Group, Inc. (hereinafter referred to as SWG) is a state-registered investment adviser with its principal place of business located in Arizona. SWG began conducting business in 1997. David Wayne Shepherd (hereinafter referred to as Dave Shepherd) is our firm's principle shareholder.

Our primary advisory services include Financial Planning Services, Asset Allocation and Investment Consulting, Retirement Account Allocator Service, Shepherd Wealth Managed Accounts, (SWM), LPL Financial Managed Platforms, and Third Party Managed Accounts. A more detailed description of our advisory services and advisory fees are provided in *Items 4 and 5, respectively, of this disclosure brochure.*

### FINANCIAL PLANNING SERVICES

#### Plans

SWG offers financial planning services in the form of written or oral financial plans that can be either comprehensive or segmented (modular). To begin the financial planning process, SWG's Investment Advisor Representatives, (IARs) will meet with you to determine your goals and objectives and to discuss the services that SWG can provide to assist in those goals and objectives. There is no charge for this initial meeting and you are under no obligation to contract with SWG for advisory services at that time. Once the IARs have received all information and documentation to prepare the requested plan, they will attempt to have the plan prepared and presented to you no more than one month later.

#### Consultations

You may also contract with SWG for consultations on any topic(s) of interest to them. There is no charge for an initial one-hour meeting with the IARs. You and the IARs will together determine whether consultations require more than the initial one-hour meeting, and a client agreement will be required if you wish to continue. You will have the final determination as to the actual length of the consultation services.

### ASSET ALLOCATION AND INVESTMENT MANAGEMENT CONSULTING

SWG offers retirement planning and asset allocation advice to participants in benefit plans (e.g., 401(k) plans, pension plans, profit sharing plans, etc.). When providing these services, the IARs will review the client's financial situation, goals and objectives as well as the investment opportunities available in the plan and will make asset allocation recommendations for the holdings in your individual plan account. SWG and its IARs can provide ongoing monitoring of your individual plan account and make recommendations regarding the reallocation of existing assets in the plan account.

There are three ways for this service to work depending on your plan and individual needs.

1. A "one time" or limited engagement. Only reviewed as you request.
2. If your plan and the qualified custodian holding your account allow it, the IARs may implement transactions resulting from their recommendations in your current plan.
3. Retirement Account Allocator Service. If 2 is not allowed in your plan, you will implement any transactions, at your discretion, based on our suggestions made by the ongoing monitoring of your investment options.

Depending upon the plan and the qualified custodian holding your account, the IARs may implement transactions resulting from their recommendations or you may be solely responsible for implementing transactions. If the IARs implement transactions, the advisory services provided will be considered management services and you will be required to provide the IARs with the trading authority and/or discretionary authority over the account assets as required by the account custodian. If you implement transactions, the advisory services will not be considered management services and the IARs will not have any trading or discretionary authority over the account.

## **PENSION CONSULTING SERVICES**

SWG offers various levels of advisory and consulting services to employee benefit plans ("Plan") and to the participants of such plans ("Participants"). The services are designed to assist plan sponsors in meeting their management and fiduciary obligations to Participants under the Employee Retirement Income Securities Act ("ERISA"). Pursuant to adopted regulations of the U.S. Department of Labor, SWG is required to provide the Plan's responsible plan fiduciary (the person who has the authority to engage SWG as an investment adviser to the Plan) with a written statement of the services SWG provides to the Plan, the compensation SWG receives for providing those services, and SWG's status.

### Status

In providing services to the Plan and Participants, SWG's status is that of an investment adviser, and SWG is not subject to any disqualifications under Section 411 of ERISA. To the extent SWG performs fiduciary services, the agreement will evidence whether SWG is acting either as a fiduciary of the Plan as defined in Section 3(21) under ERISA, or as a fiduciary of the plan as defined in Section 3(38) under ERISA.

## **SHEPHERD WEALTH MANAGED ACCOUNT**

SWG is the sponsor of the Shepherd Wealth Managed Account (SWM account), a non-wrap fee program developed through an arrangement using LPL's Strategic Wealth Management platform. Through the SWM account, SWG provides investment management services, including providing continuous investment advice to you and making investments for you based on your individual needs. Through this service, SWG offers a customized and individualized investment program for you. A specific asset allocation strategy and investment policy statement (IPS) is crafted to focus on your specific goals and objectives. The IPS will define your risk tolerance and investment objective. The IPS should be updated regularly, but at minimum every 2 years. SWM accounts are established at LPL in its capacity as a registered broker/dealer, member FINRA/SIPC. LPL is also an investment advisor registered with the SEC, but does not serve as an investment advisor for SWG' clients through the SWM account. LPL provides clearing, custody and other brokerage services for accounts established through the SWM account. Therefore, you will be required to establish a brokerage account(s) through LPL's Strategic Wealth Management platform. Separate accounts are maintained for each client. You retain all rights of ownership of your accounts (e.g., the right to withdraw securities or cash, exercise or delegate proxy voting, and receive transaction confirmations).

SWM accounts allow you to authorize SWG to purchase and sell on a discretionary basis portfolios consisting of securities and investments. Portfolio holdings may include equity securities, certificates of deposit, municipal securities, investment company securities (mutual funds, variable annuities, and variable life insurance), and United States government securities. SWG may limit its discretion with respect to the client account and the securities eligible to be purchased for the client account.

## LPL FINANCIAL MANAGED PLATFORM ACCOUNTS

SWG may provide advisory services through certain programs sponsored by LPL Financial Corporation (LPL), a registered investment advisor and broker-dealer. Below is a brief description of each LPL advisory program available to SWG. For more information regarding the LPL programs, including more information on the advisory services and fees that apply, the types of investments available in the programs and the potential conflicts of interest presented by the programs please see the LPL Financial Form ADV Part 2 or the applicable program's Schedule H and the applicable client agreement.

### Optimum Market Portfolios Program (OMP)

OMP offers clients the ability to participate in a professionally managed asset allocation program using Optimum Funds Class I shares. Under OMP, client will authorize LPL on a discretionary basis to purchase and sell Optimum Funds pursuant to investment objectives chosen by the client. Advisor will assist the client in determining the suitability of OMP for the client and assist the client in setting an appropriate investment objective. Advisor will have discretion to select a mutual fund asset allocation portfolio designed by LPL consistent with the client's investment objective. LPL will have discretion to purchase and sell Optimum Funds pursuant to the portfolio selected for the client. LPL will also have authority to rebalance the account.

A minimum account value of \$15,000 is required for OMP.

### Personal Wealth Portfolios Program (PWP)

PWP offers clients an asset management account using asset allocation model portfolios designed by LPL. Advisor will have discretion for selecting the asset allocation model portfolio based on client's investment objective. Advisor will also have discretion for selecting third party money managers (PWP Advisors) or mutual funds within each asset class of the model portfolio. LPL will act as the overlay portfolio manager on all PWP accounts and will be authorized to purchase and sell on a discretionary basis mutual funds and equity and fixed income securities.

A minimum account value of \$250,000 is required for PWP.

### Model Wealth Portfolios Program (MWP)

MWP offers clients a professionally managed mutual fund asset allocation program. Advisor will obtain the necessary financial data from the client, assist the client in determining the suitability of the MWP program and assist the client in setting an appropriate investment objective. The Advisor will initiate the steps necessary to open an MWP account and have discretion to select a model portfolio designed by LPL's Research Department consistent with the client's stated investment objective. LPL's Research Department is responsible for selecting the mutual funds within a model portfolio and for making changes to the mutual funds selected.

The client will authorize LPL to act on a discretionary basis to purchase and sell mutual funds (including in certain circumstances exchange traded funds) and to liquidate previously purchased securities. The client will also authorize LPL to effect rebalancing for MWP accounts.

In the future, the MWP program may make available model portfolios designed by strategists other than LPL's Research Department. If such models are made available, Advisor will have discretion to choose among the available models designed by LPL and outside strategists.

A minimum account value of \$25,000 is required for MWP.

### Manager Access Select Program

Manager Access Select provides clients access to the investment advisory services of professional portfolio management firms for the individual management of client accounts. Advisor will assist client in identifying a third party portfolio manager (Portfolio Manager) from a list of Portfolio Managers made available by LPL. The Portfolio Manager manages client's assets on a discretionary basis. Advisor will provide initial and ongoing assistance regarding the Portfolio Manager Selection process.

A minimum account value of \$100,000 is required for Manager Access Select, however, in certain instances, the minimum account size may be lower or higher.

## **THIRD-PARTY INVESTMENT ADVISORS**

SWG has arrangements with third-party investment advisors for which investment advisor representatives may act as solicitors. A third-party investment advisor manages client accounts in accordance with the disclosure set forth in the third-party investment advisor's disclosure documents. The third-party investment advisor will typically assume discretionary authority over the account. SWG and its representatives will not manage or obtain discretionary authority over the assets in accounts participating in these third-party investment advisor programs. Fees may be negotiated within limits set by the third-party investment advisor.

## **OTHER SERVICES**

### eMoney

SWG utilizes eMoney Advisors, a web-based financial and wealth planning system. If you elect to use eMoney you can select from a variety of available programs, including:

- Planning Center (allowing unlimited scenario planning)
- Retirement Income Tool
- Vault (storage for client documents such as wills, insurance policies, etc.)
- Financial Connections (allowing aggregation of multiple accounts with daily updating of linked accounts)
- Alerts to upcoming deadlines and important events

If you elect to use eMoney you will be required to provide SWG the information and documentation to be downloaded and/or input into the system. You will be provided with a unique user name and password and you will be able to monitor their portfolio performance, view balances, run "what if" scenarios, and store/view important papers and documents.

### Workshops

SWG offers educational and informational seminars from time to time. Workshops are always offered on an impersonal basis and will not focus on the individual needs of participants.

## **MANAGEMENT AUTHORITY**

### Discretionary Management

If you participate in a discretionary management service, we require you to grant our firm discretionary authority to manage your account. Discretionary authorization will allow us to determine the specific securities, and the amount of securities, to be purchased or sold for your account without your approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm and the appropriate trading authorization forms.

In limited circumstances and in our firm's sole discretion, we may permit clients to limit our discretionary authority (for example, limiting the types of securities that can be purchased for your account) by providing our firm with your restrictions and guidelines in writing.

#### Non-discretionary Management

If you enter into non-discretionary arrangements with our firm, we must obtain your approval prior to executing any transactions on behalf of your account.

#### **WRAP FEE PROGRAMS**

SWG does not sponsor a wrap fee program, nor does SWG act as a portfolio manager to a wrap fee program.

#### **TYPES OF INVESTMENTS**

We primarily offer advice on mutual funds and Exchange-Traded Funds (ETFs). Additionally, we may advise and/or implement transactions on any type of investment that we deem appropriate based on your stated goals and objectives. We may also provide advice on any type of investment held in your portfolio at the inception of our advisory relationship. You may request that we refrain from investing in particular securities or certain types of securities. You must provide these restrictions to our firm in writing.

#### **ASSETS UNDER MANAGEMENT**

As of January 10, 2017, we provide continuous management services for \$58,307,170 in client assets on a discretionary basis, and \$10,522,181 in client assets on a non-discretionary basis.

### **Item 5 Fees and Compensation**

In addition to the information provide in *Item 4 - Advisory Business*, this section provides additional details regarding our firm's services along with descriptions of each service's fees and compensation arrangements.

#### **FINANCIAL PLANNING SERVICES**

##### Plans

Fees for financial plans can be charged as either an hourly fee or a fixed fee. The IARs have sole discretion to determine the billing method. For hourly fees, the charge will generally not exceed \$500 per hour. The IARs will provide you with an estimate of the time needed to complete the services. If more time is needed to complete the plan than the original estimate, the IARs will request your permission before proceeding with any additional work. You will be charged the actual time expended on the plan. If you are charged on a fixed fee basis, the fee generally ranges up to \$5,000. In limited circumstances, our fee may exceed our standard fee schedule due to the complexity of the client's financial situation.

All fees are negotiable based upon the complexity of your situation, the services requested and the IAR providing the services. A retainer of one-half of the quoted fee will be due at the time the client agreement is signed, with the remainder due upon presentation of the plan to you. Fees will be billed directly to you and remainder balances are due upon receipt of a billing statement from SWG.

Financial planning services terminate upon presentation of the plan to you. However, either party can terminate services at any time by providing written or oral notice to the other party. If oral notice is provided, a written confirmation is required. Termination will be effective immediately upon receipt of such notice. If services are terminated within five business days of signing the client agreement,

services will be terminated without penalty. You will be responsible for the time expended to the date of termination and SWG will provide you with a billing statement detailing the prorated charge or prorated refund due.

You are under no obligation to use SWG or its IARs to implement financial planning recommendations and/or the purchase of financial products and services. You may work with any financial professional they choose. If you choose to implement financial planning advice through SWG, you must select one of the other advisory programs detailed in this brochure and there will be additional advisory fees charged for participation in that other advisory program. You may also work with the IARs in their separate capacities registered representatives of LPL and/or as independent insurance agents. When doing so, the IARs will earn commissions in addition to the financial planning fees charged by SWG.

### Consultations

Fees for consultations can be charged as either an hourly fee or a fixed fee. The IARs will have sole discretion to determine the billing method. For hourly fees, the charge will generally not exceed \$500 per hour. The IARs will provide you with an estimate of the time needed to complete the services. If more time is needed to complete the plan than the original estimate, the IARs will request permission from you before proceeding with any additional work. You will be charged the actual time expended on the consultations. If you are charged on a fixed fee basis, the fee will generally not exceed \$5,000. In limited circumstances, our fee may exceed our standard fee schedule due to the complexity of the client's financial situation. Fees are negotiable based upon the complexity of your situation, the services requested and the IAR providing the services. A retainer of one-half of the quoted fee will be due at the time the client agreement is signed, with the remainder due upon presentation of the plan. Fees will be billed directly to you and remainder balances are due upon receipt of a billing statement from SWG.

Services terminate upon completion of the requested consultations. However, either party can terminate services at any time by providing written or oral notice to the other party. If oral notice is provided, a written confirmation is required. Termination will be effective immediately upon receipt of such notice. If services are terminated within five business days of signing the client agreement, services will be terminated without penalty. You will be responsible for the time expended to the date of termination and SWG will provide you with a billing statement detailing the prorated charge or prorated refund due.

## **ASSET ALLOCATION AND INVESTMENT MANAGEMENT CONSULTING**

Fees for asset allocation services will be billed quarterly in advance and can be charged as either an hourly fee or a fixed fee. The IARs will have sole discretion to determine the billing method. For hourly fees, the charge will generally not exceed \$500 per hour. If you are charged on a fixed fee basis, the fee will generally not exceed \$10,000 per year. Fees are negotiable based upon the complexity of your situation, the actual services requested and the IAR providing the services.

For services considered managed asset allocation services (where the IARs implement trades), Fees are based on a percentage of assets under management and will be based on our current fee schedule. You can elect to either have fees deducted from your account or billed directly. If fees are deducted from your account, you will be required to provide the custodian with written authorization to have fees deducted from the account and paid to SWG. Prior to fees being deducted from an account (and at the same time a billing statement is sent to the custodian), SWG will send you an invoice documenting the amount that will be deducted, the manner in which the fee was calculated, any adjustments to the fee and an explanation of any such adjustments. The custodian will send you a

quarterly statement showing all disbursements from the account, including any advisory fees deducted. If fees are billed directly, SWG will send you a billing statement and fees are payable immediately upon receipt of the statement.

Fees for non-management asset allocation services (where you implements trades) will be billed directly to you and will be payable upon receipt of a billing statement from SWG.

Asset allocation services are considered ongoing, unless a one time only engagement is effected, although either party can terminate services at any time by providing written or oral notice to the other party. If oral notice is provided, a written confirmation is required. Termination will be effective immediately upon receipt of such notice unless the parties agree to a specific effective date. If services are terminated within five business days of signing the client agreement, services will be terminated without penalty. You will be responsible for the time the account was open to the effective date of termination and SWG will provide a billing statement detailing the prorated refund due to you.

### **PENSION CONSULTING SERVICES**

The services SWG provides to your Plan and the compensation for these services are described in this brochure, and also in the service agreement. SWG does not reasonably expect to receive any other compensation, direct or indirect, for the services SWG provides to the Plan or Participants, unless the plan sponsor directs SWG to deduct its fee from the plan or directs the plan record-keeper to issue payment for SWG's fee out of the plan. If SWG receives any other compensation for such services, SWG will (i) offset the compensation against SWG's stated fees, and (ii) SWG will promptly disclose the amount of such compensation, the services rendered for such compensation and the payer of such compensation to you.

#### **Status**

In providing services to the Plan and Participants, SWG's status is that of an investment adviser, and SWG is not subject to any disqualifications under Section 411 of ERISA. To the extent SWG performs fiduciary services, the agreement will evidence whether SWG is acting either as a fiduciary of the Plan as defined in Section 3(21) under ERISA, or as a fiduciary of the plan as defined in Section 3(38) under ERISA.

### **SHEPHERD WEALTH MANAGED ACCOUNT**

During any month that there is activity in the SWM account, you will receive a monthly account statement from LPL showing account activity as well as positions held in the account at month end. Additionally, you will receive a confirmation of each transaction that occurs within the SWM account unless the transaction is the result of a systematic purchase, redemption or exchange. You will also receive a detailed quarterly report showing performance, positions, and activity. All account data and statements are also available on-line through the account view portal through LPL.

The annual investment advisory fee charged is based on the following fee schedule\*:

<u>Account Size</u>	<u>Transaction Charges Apply</u>
Less than \$200,000	1.75%
\$200,000 - \$499,999	1.50%
\$500,000 - \$1,999,999	1.25%
\$2,000,000 - \$4,999,999	1.15%
\$5,000,000 and Above	1.00%

\*For the SWM Stock Sector Rotation Model, we charge a flat 2.00% of assets under management. This model is designed for managed accounts with an account balance of at least \$250,000. The Stock Sector Rotation Model portfolio is a concentrated portfolio of stocks and seeks to own approximately 20 stocks.

The fee is negotiable depending on various factors, including, but not limited to: the client's individual circumstances, the market value of the account, asset types, the client's financial situation, the complexity of the investment strategy selected, the total assets under management, trading activity, and other non-advisory accounts that we consider when providing investment advice. The annual fee will be divided and payable quarterly in advance through a direct debit in your account. LPL is responsible for calculating and debiting all fees from client accounts. You must provide LPL with written authorization to debit advisory fees from your accounts and pay such fees to SWG. Fees are based on the account's asset value as of the last business day of the prior calendar quarter. Fees for accounts opened at any time other than the beginning of a quarter will be prorated based on the number of days remaining in the initial quarter.

Prior to engaging SWG to provide investment management services, you will be required to enter into a formal investment advisory agreement with SWG setting forth the terms and conditions, amount of investment advisory fees, under which SWG will manage your assets and a separate custodial/clearing agreement with LPL.

You may open an SWM account I. In an SWM account I account, in addition to the investment advisory fee, you will pay certain transaction charges to defray the cost associated with trade execution. These costs are set out in the LPL Strategic Wealth Management platform brokerage account and application agreement. The minimum account size to open an SWM account is \$50,000, although exceptions may be granted upon request. You may incur certain charges imposed by third parties other than SWG in connection with investments made through the account including, but not limited to, 12b-1 fees and surrender charges, and IRA and qualified retirement plan fees. Management fees charged by SWG (which include transaction and execution fees charged by LPL for SWM I accounts) are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to you. A description of these fees and expenses are available in each investment company security's prospectus. The IARs of SWG, in their separate capacity as registered representatives of LPL may retain a portion of the commissions charged to you. These commissions may include 12b-1 fees, surrender charges and IRA and qualified retirement plan fees.

## **LPL FINANCIAL MANAGED PLATFORM ACCOUNTS**

### *Fees for LPL Advisory Programs*

The account fee charged to the client for each LPL advisory program is negotiable, subject to the following maximum account fees:

Manager Access Select	3.0%
OMP	2.5%
PWP	2.5%
MWP	2.5%

Account fees are payable quarterly in advance.

LPL serves as program sponsor, investment advisor and broker-dealer for the LPL advisory programs. Advisor and LPL may share in the account fee and other fees associated with program accounts. Associated persons of Advisor may also be registered representatives of LPL.

### Potential Conflicts of Interest

Transactions in LPL advisory program accounts are generally effected through LPL as the executing broker-dealer.

Advisor receives compensation as a result of a client's participation in an LPL program. Depending on, among other things, the size of the account, changes in its value over time, the ability to negotiate fees or commissions, and the number of transactions, the amount of this compensation may be more or less than what the Advisor would receive if the client participated in other programs, whether through LPL or another sponsor, or paid separately for investment advice, brokerage and other services.

### **THIRD-PARTY INVESTMENT ADVISORS**

Fees generally range from 10 basis points (.10%) to 300 basis points (3.00%) annually, depending upon the program selected, the size of the account and the services covered. Under some programs an inclusive fee covers account management, brokerage clearance, custody and administrative services. In other programs, the account may be charged separately for such services. The amount of the fees, services provided, payment structure, account minimums, termination provisions and other aspects of each program are detailed and disclosed in the third party investment advisor's Disclosure Brochure, or other applicable disclosure document. The investment advisor representative will share in a portion of the fee charged by the third-party investment advisor. The portion of the fee paid to the investment advisor representative varies program by program and is disclosed in the documentation provided to the client by the third-party investment advisor. Under these arrangements the investment advisory representative typically gathers information from the client about the client's financial situation, investment objectives, and reasonable restrictions the client wishes to impose upon the management of the account; periodically reviews reports provided to the client and consults with the client; contacts the client at least annually to review with the client the client's financial situation and objectives; communicates information to the third-party investment advisor as warranted; and assists the client in understanding and evaluating the services provided by the third-party investment advisor. Clients are reminded to notify the investment advisor representative of any changes in their financial situation, investment objective or account restrictions. Clients may also directly contact the third-party investment advisor managing the account. If mutual funds or variable annuities are used in these programs, the advisory fees described above are in addition to the internal management fees and expenses paid by the mutual funds or variable annuity companies to their separate investment advisors. In addition, variable annuity companies generally impose mortality charges on such accounts. Fees are payable in advance or in arrears as described in the third-party investment advisor's Disclosure Brochure. The third-party investment advisor determines fee schedules, termination provisions and refund of fees for agreements terminated prior to the expiration date of the agreement. Such policies are disclosed to clients directly by the third-party investment advisor, and vary from manager to manager.

### **OTHER SERVICES**

#### eMoney

SWG utilizes eMoney Advisors, a web-based financial and wealth planning system. If you elect to use eMoney you can select from a variety of available programs, including:

- Planning Center (allowing unlimited scenario planning)
- Retirement Income Tool
- Vault (storage for client documents such as wills, insurance policies, etc.)
- Financial Connections (allowing aggregation of multiple accounts with daily updating of linked accounts)
- Alerts to upcoming deadlines and important events

If you elect to use eMoney you will be required to provide SWG the information and documentation to be downloaded and/or input into the system. You will be provided with a unique user name and password and you will be able to monitor their portfolio performance, view balances, run "what if" scenarios, and store/view important papers and documents.

#### Workshops

SWG offers educational and informational seminars from time to time and may charge a registration fee up to \$250.

#### **Additional Fees and Expenses**

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, please refer to the *Brokerage Practices* section of this brochure.

#### **Compensation for the Sale of Securities or Other Investment Products**

Persons providing investment advice on behalf of our firm are registered representatives with LPL Financial, a securities broker-dealer, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. Persons providing investment advice on behalf of our firm may also be licensed as independent insurance agents.

In their capacity as a registered representative and/or insurance agent, these persons will receive commission-based compensation in connection with the purchase and sale of securities and/or insurance products, including 12b-1 fees for the sale of investment company products. Compensation earned by these persons in their capacities as registered representatives and/or insurance agents is separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are registered representatives and/or insurance agents have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on your needs. You are under no obligation, contractually or otherwise, to purchase securities products and/or insurance products through any person affiliated with our firm.

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

We do not accept performance-based fees or participate in side-by-side management. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Our fees are calculated as described in the *Advisory Business* section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

## Item 7 Types of Clients

SWG provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Pension and profit sharing plans (other than plan participants)
- Charitable organizations
- Corporations or other businesses not listed above

### Minimum Investment Amounts Required

SWG requires a minimum investment amount of \$50,000 to establish SWM accounts, although exceptions may be granted by LPL and SWG. All clients are required to execute an agreement for services in order to establish a client arrangement with SWG and/or the third-party money manager or the sponsor of third-party money manager platforms.

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

### METHODS OF ANALYSIS

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

Charting: The set of techniques used in technical analysis in which charts are used to plot price movements, volume, settlement prices, open interest, and other indicators, in order to anticipate future price movements. Users of these techniques, called chartists, believe that past trends in these indicators can be used to extrapolate future trends.

Cyclical: Analyzes the investments sensitive to business cycles and whose performance is strongly tied to the overall economy. For example, cyclical companies tend to make products or provide services that are in lower demand during downturns in the economy and higher demand during upswings. Examples include the automobile, steel, and housing industries. The stock price of a cyclical company will often rise just before an economic upturn begins, and fall just before a downturn begins. Investors in cyclical stocks try to make the largest gains by buying the stock at the bottom of a business cycle, just before a turnaround begins.

Fundamental: A method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of companies). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). This method of security analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

Technical: This is a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications

of future performance. The SWG investment committee uses a variety of technical indicators, e.g., average daily trading volume, high/low indicators, and the MACD. The exact combination and weighting of indicators used to make trading decisions is confidential and proprietary to the SWG business model.

*Qualitative Analysis:* We subjectively evaluate non-quantifiable factors such as quality of management, labor relations, and strength of research and development factors not readily subject to measurement, and predict changes to share price based on that data. A risk is using qualitative analysis is that our subjective judgment may prove incorrect.

*Asset Allocation:* Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance. A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

*Mutual Fund and/or ETF Analysis:* We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy. A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

*Risks for all forms of analysis:* Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

## **INVESTMENT STRATEGIES**

SWG uses the following investment strategies when managing client assets and/or providing investment advice:

- Long term purchases. Investments held at least a year.
- Short term purchases. Investments sold within a year.
- Trading. Investments sold within 30 days.

A margin transaction when an investor buys a stock on margin, the investor pays for part of the purchase and borrows the rest from a brokerage firm. For example, an investor may buy \$5,000 worth of stock in a margin account by paying for \$2,500 and borrowing \$2,500 from a brokerage firm. Clients cannot borrow stock from SWG.

SWG also uses sector rotation analysis as an investment strategy. This is a technical analysis model using relative strengths to identify sector rotation opportunities.

### **Use of Primary Method of Analysis or Strategy**

SWG's primary method of analysis or strategy is technical analysis with an emphasis on strict sell-side process and risk management of principal. Some of the risks involved with using this method include: (1) prematurely exiting a security right before a recovery; (2) creating short term capital gains in non-qualified taxable accounts; and (3) additional fixed dollar transaction costs imposed by the investment custodian. SWG's primary strategy may involve more frequent trading of securities. The frequent trading of securities may have a positive or negative impact on investment performance. Performance from active trading can be lowered due to an increase in brokerage and other transaction costs.

### **Specialization**

SWG management believes that the core expertise of any registered investment adviser should be the pro-active management of risk and the protection of client capital. As such, we typically focus our money management services on technical analysis, risk mitigation, and a strong "sell-side" disciplined approach.

SWG believes much of the industry has put this objective second to the "financial planning" process, and as such has produced a commoditized method of money management--the "buy and hold" pie chart, which SWG strongly rejects and considers to be a failed money management process.

### **Recommendation of Particular Types of Securities**

As disclosed under the *Advisory Business* section in this brochure (Item 4), we primarily recommend mutual funds and Exchange-Traded Funds (ETFs). However, we may recommend and/or implement transactions on other types of investments as appropriate for you since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it.

### **Risk of Loss**

Past performance is not indicative of future results. Therefore, you should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. You should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated when investing in securities through our investment management program.

- Market Risk - Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- Equity (stock) market risk - Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.

- **Company Risk.** When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- **Fixed Income Risk.** When investing in bonds, there is the risk that issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- **Options Risk.** Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks
- **ETF and Mutual Fund Risk -** When investing in a an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. Clients will also incur brokerage costs when purchasing ETFs.
- **Management Risk -** Your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.

## Item 9 Disciplinary Information

Shepherd Wealth Group, Inc. has been registered and providing investment advisory services since 1997. Neither our firm nor any of our management persons has any reportable disciplinary information.

## Item 10 Other Financial Industry Activities and Affiliations

SWG is not and does not have a related company that is a (1) broker/dealer, municipal securities dealer, government securities dealer or broker, (2) investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund), (3) other investment adviser or financial planner, (4) futures commission merchant, commodity pool operator, or commodity trading advisor, (5) banking or thrift institution, (6) accountant or accounting firm, (7) lawyer or law firm, (8) insurance company or agency, (9) pension consultant, (10) real estate broker or dealer, or (11) sponsor or syndicator of limited partnerships.

The IARs of SWG are also registered representatives of LPL and may suggest that clients implement their advice by placing transactions through LPL. This could present a conflict of interest since they could receive fees and commissions if clients choose to implement recommendations through the IARs in their separate capacities as registered representatives. Clients are not obligated to implement any recommendations through SWG or through its IARs and are free to select any broker/dealer they wish in order to implement recommendations. Commissions and fees charged by LPL and SWG may be higher or lower than at other broker/dealers and investment advisors. Registered representatives may have a conflict of interest in having you purchase securities through LPL because the higher their

production with LPL the greater potential they have for obtaining a higher pay-out on commissions earned. Further, the registered representatives are restricted to only offering those products and services that have been reviewed and approved for offering to the public by LPL and for which LPL has obtained a selling agreement.

Some of the IARs may also be independently licensed as insurance agents with various insurance companies. If you elect to purchase insurance products through the IARs in this separate capacity, the IARs may earn commissions. This situation represents a conflict of interest because the IARs could receive fees for the advice and receive commissions for implementing insurance transactions as an insurance agent. You are not obligated to implement any recommendations through SWG or through its IARs and are free to select any insurance agent or company they wish in order to implement recommendations.

### ***Third-Party Investment Advisors***

As described in *Item 4 - Advisory Business* and *Item 5 - Fees and Compensation*, SWG has formed relationships with independent, third-party investment advisors. SWG has relationships with non-affiliated investment advisors. SWG recommends that clients work directly with third-party investment advisors. When we refer clients to a third-party investment advisor, SWG receives a portion of the fee charged by the third-party investment advisor. Therefore, SWG has a conflict of interest in that we will only recommend a third-party investment advisor that will agree to compensate SWG by paying SWG a portion of the fees billed to your account that is managed by the third-party investment advisor.

We will conduct due diligence to ensure that any third-party investment advisor is registered/notice filed before making such recommendation.

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

### ***Code of Ethics Summary***

Section 204A-1 of the *Investment Advisers Act of 1940* requires all investment advisors to establish, maintain and enforce a Code of Ethics. SWG has established a Code of Ethics that will apply to all of its associated persons. An investment advisor is considered a fiduciary according to the *Investment Advisers Act of 1940*. As a fiduciary, it is an investment advisor's responsibility to provide fair and full disclosure of all material facts and to act solely in your best interest at all times. SWG has a fiduciary duty to all clients. This fiduciary duty is considered the core underlying principle for its Code of Ethics, which also covers its insider trading, and personal securities transactions policies and procedures. SWG requires all of its supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and when changes occur, all supervised persons will sign an acknowledgment that they have read, understand and agree to comply with the SWG Code of Ethics. SWG has the responsibility to make sure that the interests of all clients are placed ahead of its or its supervised person's own investment interests. Full disclosure of all material facts and potential conflicts of interest will be provided to clients prior to any services being conducted. SWG and its supervised persons must conduct business in an honest, ethical and fair manner and avoid all circumstances that might negatively affect or appear to affect its duty of complete loyalty to you. This disclosure is provided to give you a summary of the SWG Code of Ethics. However, if you wish to review the SWG Code of Ethics in its entirety, a copy will be provided promptly upon request. Some of our representatives are also Certified Financial Planners™. In addition to abiding by our Code of Ethics, they also abide by the Code of Ethics and Responsibility Code of the Certified Financial Planner™ Board of Standards, Inc. That Code requires CFP® designees to comply with all applicable laws and regulations and also to act in an ethical and professional responsible manner in all professional services and activities. The principles guiding CFP® designees are:

- Integrity
- Objectivity
- Competence (in providing services and maintaining knowledge and skills to do so)
- Fairness (to clients, principals, partners and employers and disclosing any conflicts of interest in providing services)
- Confidentiality (keeping all client information confidential without the specific client consent unless in response to legal process or in defense of charges of wrongdoing or civil dispute)
- Professionalism
- Diligence

You can obtain a copy of the Code of Ethics and Responsibility Code by requesting a copy from one of our representatives.

***Affiliate and Employee Personal Securities Transactions Disclosure***

SWG or our associated persons may buy or sell for their personal accounts, investment products identical to those recommended to clients. This creates a potential conflict of interest. It is the express policy of SWG that all persons associated in any manner with our firm must place the interests of our clients ahead of their own when implementing personal investments. SWG and its associated persons shall not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, by information obtained as a result of employment or association with our firm unless the information is also available to the investing public upon reasonable inquiry. In order to minimize this conflict of interest, securities recommended by SWG are widely held and publicly traded. SWG management, employees, and their family members invest "side by side" with SWG clients. In fact, many SWG employees and their family members are clients. All trade executions are submitted in bulk, and all clients and SWG employees and their family members receive the same price at all times. SWG does not believe this to be a conflict of interest, and, in fact, believes it to be fair and a "best practice".

**Item 12 Brokerage Practices**

Clients are under no obligation to act on the financial planning recommendations of SWG. If the firm assists in the implementation of any recommendations, we are responsible to ensure that the client receives the best execution possible.

**Brokerage Recommendations**

If you wish to implement the advice of SWG, you are free to select any broker and are so informed. If you wish to have the IARs implement advice in their separate capacity as registered representatives, LPL will be used. The IARs are registered representatives of LPL and are required to use the services of LPL when acting in this capacity. LPL has a wide range of approved securities products for which it performs due diligence prior to selection. LPL's registered representatives are required to adhere to these products when implementing securities transactions through LPL. Commissions charged for these products may be higher or lower than commissions you may be able to obtain if transactions were implemented through another broker/dealer.

Because the IARs of SWG are also registered representatives of LPL, they receive compliance support from LPL. In addition, LPL provides the IARs, and therefore SWG, with back-office operational, technology and other administrative support. If you wish to implement the advice of SWG through any of the programs described in this Brochure, LPL will be the primary broker/dealer and/or custodian recommended. This is due to the relationship the IARs have with LPL. SWG recommends broker/dealers and custodians that it feels will provide services in a manner and at a cost that will allow

SWG to meet its duty of best execution. However, SWG may be limited in the broker/dealer or custodians that it is allowed to use due to its IARs' relationship with LPL. LPL may limit or restrict the broker/dealer or custodial platforms for its registered representatives that are also independently licensed due to its duty to supervise the transactions implemented by these individuals. While there is no direct linkage between the investment advice given to you and the recommendation of SWG to use LPL, economic benefits may be provided by LPL to SWG that will not be provided if you select another broker/dealer or account custodian. These benefits may include negotiated costs for transaction implementation, a dedicated trade desk that services LPL participants exclusively, a dedicated service group and an account services manager dedicated to SWG accounts, access to a real-time order matching system, electronic download of trades, balances and position information, access, for a fee, to an electronic interface with the account custodian's software, duplicate and batched client statements, confirmations and year-end reports.

### **Directed Brokerage**

Since persons providing investment advice on behalf of our firm are registered representatives of LPL, we routinely recommend that you direct our firm to execute transactions through LPL. As such, we may be unable to achieve the most favorable execution of your transactions and you may pay higher brokerage commissions than you might otherwise pay through another broker-dealer that offers the same types of services. Not all advisers require their clients to direct brokerage.

### **Handling Trade Errors**

SWG has implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with its fiduciary duty, it is the policy of SWG to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client will be responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client will be made whole and any loss resulting from the trade error will be absorbed by SWG if the error was caused by the firm. If the error is caused by the broker-dealer, the broker-dealer will be responsible for handling the trade error. SWG will never benefit or profit from trade errors.

### **Block Trading Policy**

SWG may elect to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading, or block trading and may be used by SWG when it believes such action may prove advantageous to clients. If and when SWG aggregates client orders, the allocation of securities among client accounts will be done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are 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. If and when SWG determines to aggregate client orders for the purchase or sale of securities, SWG will do so in accordance with the parameters set forth in the SEC No-Action Letter. Neither SWG nor its IARs will receive any additional compensation or remuneration as a result of block trades. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts; however, they will not be given preferential treatment as our firm and associated persons always act in our clients' best interests.

## **Research and Other Soft Dollar Benefits**

In selecting or recommending a broker-dealer, we will consider the value of research and additional brokerage products and services a broker-dealer has provided or will provide to our clients and our firm. Receipt of these additional brokerage products and services are *not* considered to have been paid for with "soft dollars."

## **Item 13 Review of Accounts**

### Financial Planning and Consultation Services

Financial planning services terminate upon presentation of the plan to you and no reviews are conducted. However, SWG recommends that you have your financial situation reviewed and your financial plan updated at least annually. If you elect to undertake this review and update, a new client agreement may be required and an additional fee may be charged. Consultation services terminate upon completion of the consultations and no reviews are conducted.

### Asset Allocation and Investment Management Services

Asset allocation services are intended to be ongoing and include reviews of benefit plan portfolios at least quarterly. Managed accounts are generally based on one or more of six basic models holding specific investment products. Those models and their investment products are reviewed on a daily basis. All IARs are responsible for reviewing their own account. Dave Shepherd, the Chief Executive Officer of SWG, reviews all managed account models. While the calendar is the main triggering factor, reviews may also be conducted due to specific client request or a change in your circumstances. Reviews may also be conducted on a "transactional" or "as needed" basis. At least annually, IARs request you to schedule a one-on-one account review. Account models are reviewed to ensure the models and their investment products are performing to expectations. Any specific client account reviews include checking the accuracy of the holdings and an analysis of whether investments continue to work toward your goals and objectives.

### Advisory Services to Retirement Plans and Plan Participants

Accounts are reviewed and monitored in accordance to the terms set forth in the client agreement.

### Shepherd Wealth Managed Account

Accounts are reviewed and monitored in accordance to the terms set forth in the client agreement

### LPL Financial Managed Platform Accounts

Accounts are reviewed and monitored in accordance to the terms set forth in the client agreement

### Third Party Investment Advisors

Accounts are reviewed and monitored in accordance to the terms set forth in the disclosure brochure (Part 2) of the third party investment adviser.

### Statements and Reports

You will receive account statements directly from LPL or the qualified account custodian at least quarterly.

## Item 14 Client Referrals and Other Compensation

SWG does not directly or indirectly compensate any person for client referrals. From time to time, we may receive expense reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are typically the result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors may underwrite costs incurred for marketing such as advertising, publishing and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for whom sales have been made or it is anticipated sales will be made. We endeavor at all times to put your interests first as a part of our fiduciary duty. However, you should be aware that receiving additional compensation through nominal sales awards, expense reimbursements, etc. creates a conflict of interest that may impact our judgment when making advisory recommendations. Please also see additional information about other compensation and non-economic benefits, specifically at Item 5, Fees and Compensation, Item 10, Other Financial Industry Activities and Affiliations and Item 12, Brokerage Practices.

## Item 15 Custody

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment advisor has the ability to access or control client funds or securities, the investment advisor is deemed to have custody and must ensure proper procedures are implemented. SWG is deemed to have custody of client funds and securities whenever SWG is given the authority to have fees deducted directly from client accounts. However, this is the only form of custody SWG will ever maintain. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody. For accounts in which SWG is deemed to have custody, the firm has established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from SWG. When clients have questions about their account statements, they should contact SWG or the qualified custodian preparing the statement.

## Item 16 Investment Discretion

Through its asset management services and upon receiving written authorization from a client, SWG will maintain trading authorization over client accounts. Upon receiving written authorization from the client, SWG may implement trades on a **discretionary** basis. When discretionary authority is granted, SWG will have the authority to determine the type of securities and the amount of securities that can be bought or sold for the client's portfolio without obtaining the client's consent for each transaction. However, it is the policy of SWG to consult with the client prior to making significant changes in the account even when discretionary trading authority is granted by the client. If you decide to grant trading authorization on a **non-discretionary** basis, we will be required to contact you prior to implementing changes in your account. Therefore, you will be contacted and required to accept or reject our investment recommendations including:

- The security being recommended
- The number of shares or units
- Whether to buy or sell

Once the above factors are agreed upon, SWG will be responsible for making decisions regarding the timing of buying or selling an investment and the price at which the investment is bought or sold. If your accounts are managed on a non-discretionary basis, you need to know that if you are not able to be reached or are slow to respond to our request, it can have an adverse impact on the timing of trade implementations and we may not achieve the optimal trading price.

In limited circumstances and in our firm's sole discretion, we may permit clients to limit our discretionary authority (for example, limiting the types of securities that can be purchased for your account) by providing our firm with your restrictions and guidelines in writing.

## **Item 17 Voting Client Securities**

Neither SWG nor its IARs will vote proxies on your behalf. You are instructed to read through the information provided with the proxy-voting documents and to make a determination based on the information provided. You have the ultimate responsibility for making all proxy-voting decisions.

## **Item 18 Financial Information**

This item is not applicable to this brochure. SWG does not require or solicit prepayment of more than \$500 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, SWG has not been the subject of a bankruptcy petition at any time. (Please refer to Information Required by Part 2B of Form ADV: Brochure Supplement for more information).

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

- Refer to the Part(s) 2B for background information about management personnel and those giving advice on behalf of our firm.
- Please see Item 10 of this disclosure brochure for more information on the other business activities of our firm and/or our associated persons.
- Neither our firm, nor any persons associated with our firm are compensated for advisory services with performance-based fees. Please refer to the "Performance-Based Fees and Side-By-Side Management" section above for additional information on this topic.
- Neither our firm, nor any of our management persons have any reportable arbitration claims, civil, self-regulatory organization proceedings or administrative proceedings.
- Neither our firm, nor any of our management persons have a material relationship or arrangement with any issuer of securities.

### California

Pursuant to California Code of Regulations, 10 CCR Section 260.235.2, we hereby make the following statement: a conflict exists between the interest of our firm and your interests. Further, you are under no obligation to act upon our recommendations, and if you elect to act on any of our recommendations, you are under no obligation to effect the transactions through our firm. All material conflicts of interest under CCR Section 260.238 (k) are disclosed regarding the investment adviser, its representatives or any of its employees, which could be reasonably expected to impair the rendering of unbiased and objective advice.

## Item 20 Privacy Policy Notice

In November of 1999, Congress enacted the *Gramm-Leach-Bliley Act* (GLBA). The GLBA requires certain financial institutions, such as investment advisor firms, to protect the privacy of customer information. In situations where a financial institution does disclose customer information to non-affiliated third parties, other than permitted or required by law, customers must be given the opportunity to opt out or prevent such disclosure. SWG does not share or disclose your information to non-affiliated third parties except as permitted or required by law.

SWG is committed to safeguarding your confidential information. SWG holds all personal information provided by you in the strictest confidence and it is the objective of SWG to protect the privacy of all clients. Except as permitted or required by law, SWG does not share confidential information about you with non-affiliated parties. In the event that there were to be a change in this policy, SWG will provide you with written notice and you will be provided an opportunity to direct SWG as to whether such disclosure is permissible. To conduct regular business, SWG may collect personal information from sources such as:

- Information reported by you on applications or other forms you provide to SWG
- Information about your transactions implemented by others
- Information developed as part of financial consultations and analyses

To provide related services for client accounts, it is necessary for SWG to provide access to your information within the firm and to non-affiliated companies with whom SWG has entered into agreements. To provide the utmost service, SWG may disclose the information below regarding customers and former customers, as necessary, to companies to perform certain services on behalf of SWG:

- Information SWG receives from you on applications (name, social security number, address, assets, etc.)
- Information about your transactions with others (account information, payment history, parties to transactions, etc.)
- Information about your financial products and services transaction with SWG

Since SWG shares non-public information solely to service you, SWG does not disclose any non-public personal information about its customers or former customers to anyone, except as permitted by law. However, SWG may also provide your information outside of the firm as required by law, such as to government entities, consumer reporting agencies or other third parties in response to subpoenas.

### **Class Action Lawsuits**

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.

**David Wayne Shepherd**

**Shepherd Wealth Group, Inc**

**6300 E. El Dorado Plaza, Suite A200  
Tucson, AZ 85715**

**Telephone: 520-325-1600**

**March 24, 2016**

**FORM ADV PART 2B  
BROCHURE SUPPLEMENT**

This brochure supplement provides information about David Wayne Shepherd that supplements the Shepherd Wealth Group brochure. You should have received a copy of that brochure. Please contact David W. Shepherd if you did not receive Shepherd Wealth Group brochure or if you have any questions about the contents of this supplement.

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

## Item 2 Educational, Background and Business Experience

Your Financial Adviser: David Wayne Shepherd

Year of Birth: 1958

Education:

- Kearney State College, Bachelor of Science, Business Management, 1981

Business Experience

- LPL Financial; Financial Advisor, from 2001 to Present
- Retirement Financial Services, Inc., President, from 1986 to Present
- Shepherd Wealth Group, Inc., President/Owner from 1997 to Present
- Equitable Life and Casualty, Representative, from 1982 to 1986

Certifications:

David Wayne Shepherd has earned the following designation(s) and is in good standing with the granting authority:

- ChFC; The American College; 1990

A Chartered Financial Consultant® must complete an extensive educational program required for any financial services credential. Each ChFC® has taken at least eight college-level courses on all aspects of financial planning.

- CFP®; Certified Financial Planner Board of Standards; 2004

The CFP® designation is conferred by the Certified Financial Planner Board of Standards, Inc. To earn the credential, each CFP® candidate must have a bachelor's degree (or higher) from an accredited college or university and three years of full-time personal financial planning experience. In addition, candidates must take the CFP® Certification examination and complete a CFP®-board registered program or hold an accepted designation, degree or license. Every two years, CFP® certificants must complete a minimum of 30 hours of continuing education. More information regarding the CFP® can be found at <http://www.cfp.net/default.asp>.

Examinations

11/2004 Municipal Securities Limited Principal, FINRA Series 51

12/1995 Uniform Investment Advisor Law, FINRA Series 65

07/1992 General Securities Principal, FINRA Series 24

11/1990 General Securities Representative, FINRA Series 7

12/1989 Uniform Securities Agent Law, FINRA Series 63

12/1989 Investment Co. & Var. Contracts Representative, FINRA Series 6

12/1982 Licensed Health and Life insurance Agent - Arizona

## Item 3 Disciplinary Information

David Wayne Shepherd has no reportable disciplinary history.

## Item 4 Other Business Activities

### Investment-Related Activities

David Wayne Shepherd is also engaged in the following investment-related activities:

- Mr. Shepherd is a licensed Registered Representative of LPL Financial Member SIPC, a FINRA registered broker/dealer.
- Mr. Shepherd is the owner and licensed agent for his insurance agency, Retirement Financial Services, Inc.

David Wayne Shepherd receives commissions, bonuses or other compensation on the sale of securities or other investment products.

- Mr. Shepherd is a Registered Representative with LPL Financial (LPL). In such a capacity, he may sell securities through LPL and receive normal and customary commissions as a result of such purchases and sales. This may present a conflict of interest to the extent that he recommends that a client invest in a security which results in commissions being paid to them.
- Mr. Shepherd is a licensed insurance agent through numerous companies. In such a capacity he may offer insurance products and receive normal and customary commissions as a result of purchase. This may present a conflict of interest to the extent that he recommends that a client purchase insurance which results in commissions being paid to them.
- Shepherd Wealth Group may recommend the use of Retirement Financial Services to advisory clients and, conversely, Retirement Financial Services may recommend the use of Shepherd Wealth Group to insurance clients. Retirement Financial Services insurance services are separate and distinct from the advisory services provided by Shepherd Wealth Group and are provided for separate and typical compensation. No Shepherd Wealth Group advisory client is obligated to use Retirement Financial Services for any insurance services.

David Wayne Shepherd is also in the process of co-authoring a book. Mr. Shepherd spends the majority of his professional time in his capacity as an Investment Adviser Representative of our firm.

## Item 5 Additional Compensation

David Wayne Shepherd does not receive any economic benefit from a non-advisory client for the provision of advisory services.

## Item 6 Supervision

**Supervisor:** David Wayne Shepherd

**Title:** Owner/President

**Phone Number:** 520-325-1600

David Wayne Shepherd, Owner and President of Shepherd Wealth Group and Retirement Financial Services, supervises all persons. Supervision includes holding regular staff, investment and other ad hoc meetings. In addition, Mr. Shepherd regularly reviews client reports, emails, and trading activities.

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

### **A. Additional Disciplinary History**

David Wayne Shepherd has no additional reportable disciplinary history.

### **B. Bankruptcy History**

David Wayne Shepherd has not been the subject of a bankruptcy petition.

**David Wayne Shepherd, Jr.**

**Shepherd Wealth Group, Inc**

**6300 E. El Dorado Plaza, Suite A200  
Tucson, AZ 85715**

**Telephone: 520-325-1600**

**March 24, 2016**

**FORM ADV PART 2B  
BROCHURE SUPPLEMENT**

This brochure supplement provides information about David Wayne Shepherd Jr. that supplements the Shepherd Wealth Group brochure. You should have received a copy of that brochure. Please contact David W. Shepherd if you did not receive Shepherd Wealth Group's brochure or if you have any questions about the contents of this supplement.

Additional information about David Wayne Shepherd Jr. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 Educational, Background and Business Experience

Your Financial Adviser: David Wayne Shepherd Jr.

Year of Birth: 1982

Education:

- University of Arizona, Bachelor of Science in Business Administration, Finance, 2005

Business Experience

- Shepherd Wealth Group, Investment Advisor Representative, 10/2011 - Present
- LPL Financial LLC, Registered Representative, 09/2001 - Present
- LPL Financial LLC, Investment Advisor Representative, 04/2009 - 12/2011
- Retirement Financial Planning, Inc., Investment Advisor Representative, 07/2007 - 12/2011

*Certifications:*

David Wayne Shepherd, Jr. has earned the following designation(s) and is in good standing with the granting authority:

- CFP®; Certified Financial Planner Board of Standards; 2008

The CFP® designation is conferred by the Certified Financial Planner Board of Standards, Inc. To earn the credential, each CFP® candidate must have a bachelor's degree (or higher) from an accredited college or university and three years of full-time personal financial planning experience. In addition, candidates must take the CFP® Certification examination and complete a CFP®-board registered program or hold an accepted designation, degree or license. Every two years, CFP® certificants must complete a minimum of 30 hours of continuing education. More information regarding the CFP® can be found at <http://www.cfp.net/default.asp>.

Examinations

09/2007 General Securities Principal, FINRA Series 24  
01/2007 Uniform Investment Advisor Law, FINRA Series 65  
06/2006 General Securities Representative, FINRA Series 7  
08/2007 General Securities Principal, FINRA Series 24  
10/2001 Uniform Securities Agent Law, FINRA Series 63  
10/2001 Licensed Health and Life Insurance Agent - Arizona  
09/2001 Investment Co. & Var. Contracts Representative, FINRA Series 6

## Item 3 Disciplinary Information

David Wayne Shepherd, Jr. has no reportable disciplinary history.

## Item 4 Other Business Activities

David Wayne Shepherd Jr. is also engaged in the following investment-related activities:

- Mr. Shepherd, Jr., is a licensed Registered Representatives of LPL Financial (LPL) Member SIPC, a FINRA registered broker/dealer.
- Mr. Shepherd, Jr., is a licensed agent for an insurance agency, Retirement Financial Services, Inc.

David Wayne Shepherd Jr. receives commissions, bonuses or other compensation on the sale of securities or other investment products.

- Mr. Shepherd, Jr., is a Registered Representative with LPL Financial (LPL). In such a capacity, he may sell securities through LPL and receive normal and customary commissions as a result of such purchases and sales. This may present a conflict of interest to the extent that he recommends that a client invest in a security which results in commissions being paid to them.
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## Item 7 Requirements for State-Registered Advisers

A. Additional Disciplinary History

David Wayne Shepherd, Jr. has no additional reportable disciplinary history.

B. Bankruptcy History

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