

**FORM ADV****Uniform Application for Investment Adviser Registration****Part II - Page 1****OMB APPROVAL**

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Name of Investment Adviser:

**Shepard & Associates, Inc.**

Address: (Number and Street)

(City)

(State)

(Zip Code)

Area Code: Telephone Number:

**8655 College Blvd., Suite 100****Overland Park****KS****66210-1835****( 913 ) 362-2712**

**This part of Form ADV gives information about the investment adviser and its business for the use of clients.  
The information has not been approved or verified by any governmental authority.**

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(Schedules A, B, C, D, and E are included with Part I of this Form, for the use of regulatory bodies, and are not distributed to clients.)

**Potential persons who are to respond to the collection of information contained in this form  
are not required to respond unless the form displays a currently valid OMB control number.**

**FORM ADV****Part II - Page 2**

Applicant:

**Shepard & Associates, Inc.**

SEC File Number:

801-57170

Date:

**May 14, 2008****1. A. Advisory Services and Fees.** (check the applicable boxes)For each type of service provided, state the approximate % of total advisory billings from that service.  
(See instruction below.)**Applicant:**

- |                                     |     |   |                  |
|-------------------------------------|-----|---|------------------|
| <input checked="" type="checkbox"/> | (1) | Provides investment supervisory services . . . . .  | <u>80%</u>       |
| <input type="checkbox"/>            | (2) | Manages investment advisory accounts not involving investment supervisory services . . . . .  | <u>    %    </u> |
| <input type="checkbox"/>            | (3) | Furnishes investment advice through consultations not included in either service described above . . . . .  | <u>    %    </u> |
| <input type="checkbox"/>            | (4) | Issues periodicals about securities by subscription . . . . .   | <u>    %    </u> |
| <input type="checkbox"/>            | (5) | Issues special reports about securities not included in any service described above . . . . .   | <u>    %    </u> |
| <input type="checkbox"/>            | (6) | Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities . . . . . | <u>    %    </u> |
| <input checked="" type="checkbox"/> | (7) | On more than an occasional basis, furnishes advice to clients on matters not involving securities . . . . .   | <u>20%</u>       |
| <input type="checkbox"/>            | (8) | Provides a timing service . . . . .   | <u>    %    </u> |
| <input type="checkbox"/>            | (9) | Furnishes advice about securities in any manner not described above . . . . .   | <u>    %    </u> |

(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)

**B.** Does applicant call any of the services it checked above financial planning or some similar term? . . . . .Yes ☐ No ☐**C.** Applicant offers investment advisory services for: (check all that apply)

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> (1) A percentage of assets under management | <input type="checkbox"/> (4) Subscription fees      |
| <input checked="" type="checkbox"/> (2) Hourly charges                          | <input checked="" type="checkbox"/> (5) Commissions |
| <input type="checkbox"/> (3) Fixed fees (not including subscription fees)       | <input type="checkbox"/> (6) Other                  |

**D.** For each checked box in A above, describe on Schedule F:

- the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee
- applicant's basic fee schedule, how fees are charged and whether its fees are negotiable
- when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date

**2. Types of clients** - Applicant generally provides investment advice to: (check those that apply)

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> A. Individuals           | <input checked="" type="checkbox"/> E. Trusts, estates, or charitable organizations                    |
| <input type="checkbox"/> B. Banks or thrift institutions     | <input checked="" type="checkbox"/> F. Corporations or business entities other than those listed above |
| <input type="checkbox"/> C. Investment companies             | <input type="checkbox"/> G. Other (describe on Schedule F)   |
| <input type="checkbox"/> D. Pension and profit sharing plans |  |

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

**FORM ADV****Part II - Page 3**

Applicant:

**Shepard & Associates, Inc.**

SEC File Number:

801- **57170**

Date:

**May 14, 2008****3. Types of Investments.** Applicant offers advice on the following: (check those that apply)

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> A. Equity securities  | <input checked="" type="checkbox"/> H. United States government securities |
| <input checked="" type="checkbox"/> (1) exchange-listed securities                                |  |
| <input checked="" type="checkbox"/> (2) securities traded over-the-counter                        | I. Options contracts on:   |
| <input type="checkbox"/> (3) foreign issues   | <input checked="" type="checkbox"/> (1) securities                         |
|   | <input type="checkbox"/> (2) commodities                                   |
| <input type="checkbox"/> B. Warrants  | J. Futures contracts on:   |
|   | <input type="checkbox"/> (1) tangibles                                     |
| <input checked="" type="checkbox"/> C. Corporate debt securities<br>(other than commercial paper) | <input type="checkbox"/> (2) intangibles                                   |
| <input checked="" type="checkbox"/> D. Commercial paper   | K. Interests in partnerships investing in:                                 |
| <input checked="" type="checkbox"/> E. Certificates of deposit                                    | <input checked="" type="checkbox"/> (1) real estate                        |
| <input checked="" type="checkbox"/> F. Municipal securities                                       | <input type="checkbox"/> (2) oil and gas interests                         |
|   | <input type="checkbox"/> (3) other (explain on Schedule F)                 |
| G. Investment company securities:   | <input type="checkbox"/> L. Other (explain on Schedule F)                  |
| <input checked="" type="checkbox"/> (1) variable life insurance                                   |  |
| <input checked="" type="checkbox"/> (2) variable annuities  |  |
| <input checked="" type="checkbox"/> (3) mutual fund shares  |  |

**4. Methods of Analysis, Sources of Information, and Investment Strategies.**

## A. Applicant's security analysis methods include: (check those that apply)

- |   |  |
|---|--|
| (1) <input type="checkbox"/> Charting               | (4) <input type="checkbox"/> Cyclical                      |
| (2) <input checked="" type="checkbox"/> Fundamental | (5) <input type="checkbox"/> Other (explain on Schedule F) |
| (3) <input checked="" type="checkbox"/> Technical   |  |

## B. The main sources of information applicant uses include: (check those that apply)

- |   |  |
|---|--|
| (1) <input checked="" type="checkbox"/> Financial newspapers and magazines    | (5) <input type="checkbox"/> Timing services   |
| (2) <input type="checkbox"/> Inspections of corporate activities              | (6) <input checked="" type="checkbox"/> Annual reports, prospectuses, filings with the<br>Securities and Exchange Commission |
| (3) <input checked="" type="checkbox"/> Research materials prepared by others | (7) <input checked="" type="checkbox"/> Company press releases   |
| (4) <input checked="" type="checkbox"/> Corporate rating services             | (8) <input type="checkbox"/> Other (explain on Schedule F)   |

## C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- |  |   |
|--|---|
| (1) <input checked="" type="checkbox"/> Long term purchases<br>(securities held at least a year) | (5) <input type="checkbox"/> Margin transactions  |
| (2) <input checked="" type="checkbox"/> Short term purchases<br>(securities sold within a year)  | (6) <input checked="" type="checkbox"/> Option writing, including covered options, uncovered<br>options or spreading strategies |
| (3) <input type="checkbox"/> Trading (securities sold within 30 days)                            | (7) <input type="checkbox"/> Other (explain on Schedule F)  |
| (4) <input type="checkbox"/> Short sales   |   |

**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).**

**FORM ADV****Part II - Page 4**

Applicant:

**Shepard & Associates, Inc.**

SEC File Number:

801-57170

Date:

**May 14, 2008****5. Education and Business Standards.**

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients? . . . . .

Yes No  
☒ ☐

(If yes, describe these standards on Schedule F.)

**6. Education and Business Background.**

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice given to clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

- |                 |  |
|-----------------|--|
| • name          | • formal education after high school               |
| • year of birth | • business background for the preceding five years |

**7. Other Business Activities.** (check those that apply)

- ☒ A. Applicant is actively engaged in a business other than giving investment advice.
- ☒ B. Applicant sells products or services other than investment advice to clients.
- ☐ C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F.)

**8. Other Financial Industry Activities or Affiliations.** (check those that apply)

- ☐ A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- ☐ B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.
- C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:
- |  |  |
|--|--|
| <input type="checkbox"/> (1) broker-dealer   | <input type="checkbox"/> (7) accounting firm                                       |
| <input type="checkbox"/> (2) investment company  | <input type="checkbox"/> (8) law firm  |
| <input type="checkbox"/> (3) other investment adviser  | <input type="checkbox"/> (9) insurance company or agency                           |
| <input type="checkbox"/> (4) financial planning firm   | <input type="checkbox"/> (10) pension consultant                                   |
| <input type="checkbox"/> (5) commodity pool operator, commodity trading adviser or futures commission merchant | <input type="checkbox"/> (11) real estate broker or dealer                         |
| <input type="checkbox"/> (6) banking or thrift institution   | <input type="checkbox"/> (12) entity that creates or packages limited partnerships |

(For each checked box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

- D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest?.....

Yes No  
☐ ☒

(If yes, describe on Schedule F the partnerships and what they invest in.)

**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).**

Applicant:

Shepard &amp; Associates, Inc.

SEC File Number:

801- 57170

Date:

May 14, 2008

**9. Participation or Interest in Client Transactions.**

Applicant or a related person: (check those that apply)

- ☐ A. As principal, buys securities for itself from or sells securities it owns to any client.
- ☒ B. As broker or agent effects securities transactions for compensation for any client.
- ☐ C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.
- ☐ D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- ☒ E. Buys or sells for itself securities that it also recommends to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.)

Describe, on Schedule F, your code of ethics, and state that you will provide a copy of your code of ethics to any client or prospective client upon request.

- 10. Conditions for Managing Accounts.** Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services *and* impose a minimum dollar value of assets or other conditions for starting or maintaining an account? . . . . .

Yes    No  
☒    ☐

(If yes, describe on Schedule F.)

- 11. Review of Accounts.** If applicant provides investment supervisory services, manages investment advisory accounts, or holds itself out as providing financial planning or some similarly termed services:

- A. Describe below the reviews and reviewers of the accounts. **For reviews**, include their frequency, different levels, and triggering factors. **For reviewers**, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

**Disclosed on Schedule F**

- B. Describe below the nature and frequency of regular reports to clients on their accounts.

**Disclosed on Schedule F**

Applicant:

Shepard &amp; Associates, Inc.

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801-57170

Date:

May 14, 2008

**12. Investment or Brokerage Discretion.**

A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:

(1) securities to be bought or sold? . . . . .

Yes No

☒ ☐

(2) amount of the securities to be bought or sold ? . . . . .

Yes No

☒ ☐

(3) broker or dealer to be used ? . . . . .

Yes No

☐ ☒

(4) commission rates paid? . . . . .

Yes No

☐ ☒

B. Does applicant or a related person suggest brokers to clients? . . . . .

Yes No

☒ ☐

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for products and research services received.

**13. Additional Compensation.**

Does the applicant or a related person have any arrangements, oral or in writing, where it:

A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients? . . . . .

Yes No

☒ ☐

B. directly or indirectly compensates any person for client referrals? . . . . .

Yes No

☐ ☒

(For each yes, describe the arrangements on Schedule F.)

**14. Balance Sheet.** Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

- has custody of client funds or securities unless applicant is registered or registering only with the Securities and Exchange Commission; or
- requires prepayment of more than \$500 in fees per client and 6 or more months in advance

Has applicant provided a Schedule G balance sheet? . . . . .

Yes No

☐ ☒

**Schedule F of  
Form ADV**

**Continuation Sheet for Form ADV Part II**

SEC File Number:  
801- 57170

Date:  
May 14, 2008

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: Shepard & Associates, Inc.		IRS Empl. Ident.No.:								
Item of Form (identify)	Answer									
Introduction	<p>Shepard &amp; Associates, Inc. (hereinafter referred to as "the Adviser") is a corporation formed under the laws of and is an Investment Adviser registered with the Securities and Exchange Commission ("SEC"). The Adviser provides a variety of investment services, which includes, among other things, providing advice regarding asset allocation and the selection of investments. Individuals associated with the Adviser who are appropriately licensed, qualified, and authorized to provide these advisory services on behalf of the Adviser are known as Investment Adviser Representatives ("IARs").</p> <p>IARs of the Adviser are registered representatives of Cambridge Investment Research, Inc. ("Cambridge"); a full service securities broker/dealer licensed under federal and state securities laws, located in Fairfield, Iowa. Cambridge is a member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investors Protection Corporation ("SIPC").</p> <p>This Schedule F narrative provides clients with information regarding the Adviser and the qualifications, business practices, and nature of advisory services that should be considered before becoming an advisory client of Shepard &amp; Associates, Inc.</p>									
Item 1. D	<p>Investment management services are continuous and ongoing in nature and involve the frequent monitoring and review of underlying portfolio assets. Account management or supervision is guided by the stated objectives of the client. In addition, the Adviser considers client's risk profile and financial status prior to making any recommendations.</p> <p>The Adviser provides asset management services to clients on a discretionary basis and, upon written authorization from the client, will have exclusive authority to manage the client's investment account(s). The Adviser, as agent and attorney-in-fact with respect to the account(s), when it deems appropriate, without prior consultation with Client, may, (a) buy, sell, exchange, convert and otherwise trade in any stocks, bonds and other securities including money market instruments, and (b) place orders for the execution of such securities transactions.</p> <p>Fees for asset management are paid quarterly in advance. Fees are due on the first day of the calendar quarter and are based on the account's asset value as of the last business day of the prior calendar quarter. Fees are prorated for accounts opened during the quarter.</p> <p>The Adviser generally adheres to the following fee schedule. However, at the sole discretion of the Adviser, fees may be higher or lower, depending on the circumstances. Fee adjustments are typically based on the complexity of the client's circumstances and the range and number of services provided.</p> <p>Annualized Fees</p> <table border="1"> <thead> <tr> <th>For Accounts Between</th> <th>Quarterly Percentage</th> </tr> </thead> <tbody> <tr> <td>\$100,000 – up</td> <td>.30%</td> </tr> <tr> <td>\$500,000 – up</td> <td>.25%</td> </tr> <tr> <td>\$1,000,000 – up</td> <td>.22%</td> </tr> </tbody> </table> <p>An advisory client will have a period of ten (10) business days from the date of signing an investment advisory agreement to unconditionally rescind the agreement and receive a full refund of all fees. Thereafter, either party may terminate the investment advisory agreement with 30 days written notice. Upon termination, fees will be prorated to the date of termination and the unearned portion of the fee will be refunded to the client.</p> <p>The account Custodian may charge fees, which are in addition to and separate from the investment advisory service fee. Custodians may charge accounts for various transaction costs, retirement plan and administration fees. In addition, some mutual fund assets deposited in the account may be subject to early-deferred sales charges, 12b-1 fees and other mutual fund annual expenses as described in the fund's prospectus. Advisory clients should also note that fees for comparable services vary and lower fees for comparable services may be available from other sources.</p>		For Accounts Between	Quarterly Percentage	\$100,000 – up	.30%	\$500,000 – up	.25%	\$1,000,000 – up	.22%
For Accounts Between	Quarterly Percentage									
\$100,000 – up	.30%									
\$500,000 – up	.25%									
\$1,000,000 – up	.22%									

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of  
Form ADV  
Continuation Sheet for Form ADV Part II**

SEC File Number:  
801- 57170

Date:  
May 14, 2008

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: Shepard & Associates, Inc.		IRS Empl. Ident.No.:
Item of Form (identify)	Answer	
	<p><b>Financial Planning</b></p> <p>The Adviser provides financial planning and consulting services to individuals and institutions that are consistent with the client's financial and tax status, in addition to the client's risk profile and return objectives. The Adviser may also provide general non-securities advice on topics that may include tax and budgetary, estate and business planning.</p> <p>All information provided by clients to the Adviser, and/or Adviser's IARs (including the Adviser's staff), and information and advice furnished by the Adviser to clients, shall be treated as confidential and shall not be disclosed to non-affiliated third parties, except as permitted by clients with written authorization, by application to facilitate the investment advisory services offered by the Adviser via an unaffiliated financial services provider, by client's application to facilitate insurance services through an unaffiliated insurance company, or as required by law, any rule or regulation of the regulatory or self-regulatory organization (or supervisory authority) to which the Adviser and its staff may be subject.</p> <p>Client should be aware that the Adviser is not an Accounting or CPA firm, does not prepare tax returns, nor is the Adviser licensed to practice as a Certified Public Accounting firm. Client should confirm all estimates with their tax professional and accepts responsibility for any tax liability. As well, the Adviser is not licensed to practice law. Client is advised to seek licensed legal counsel for the creation and implementation of any legal documents.</p> <p>Clients are charged an hourly fee for financial planning and consulting services. Clients are generally billed at a rate of \$150 an hour. However, at the sole discretion of the Adviser, fees may be higher or lower. Adjustments are typically based on the complexity of the client's circumstances and the range and number of services provided. Hourly fees are due and payable upon completion of the plan or services and a deposit may be required.</p> <p>Financial planning and consulting clients will have a period of ten (10) business days from the date of signing an agreement to unconditionally rescind the agreement and receive a full refund of all fees. Thereafter, the client may terminate the agreement by providing the Adviser with written notice prior to delivery of the plan or service. Upon termination, fees will be prorated to the date of termination and any unearned portion of the fee will be refunded to the client.</p> <p>IARs of the Adviser may be registered as representatives ("RRs") licensed to buy and sell securities, and may also be licensed as agents to sell insurance products. When investment management or plan implementation, financial planning or other services are offered through the Adviser's IARs, there is a potential conflict of interest, since there is an incentive for the IAR offering financial planning or consulting services to recommend products or services for which the IAR may receive compensation, such as commissions or 12b-1 fees as an RR or insurance agent. Commissions or 12b-1 fees earned in these capacities are separate and distinct from advisory fees charged by the Adviser for financial planning. Client should also be aware that product sponsors may impose their own charges, such as maintenance and transaction fees. Clients should read the product prospectus to learn more about charges and fees imposed on the client by the product sponsors.</p> <p>However, financial planning or consulting clients are under no obligation to act upon any recommendation of the Adviser or to effect any transactions through the Adviser or Adviser's IARs if the decide to follow the recommendations.</p>	
Item 5.	The minimum requirements imposed by the Adviser for individuals who provide investment advisory services on behalf of the Adviser is a Series 6 and a Series 63. As well, these individuals are also required to meet the criteria for registration as investment adviser representatives in the state(s) in which individuals provide advisory services.	
Item 6.	F. Curtis Shepard, President. Born March 7, 1950. University of Oklahoma and Central State	

Complete amended pages in full, circle amended items and file with execution page (page 1).



**Schedule F of  
Form ADV  
Continuation Sheet for Form ADV Part II**

SEC File Number:  
801- 57170

Date:  
May 14, 2008

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: Shepard & Associates, Inc.		IRS Empl. Ident.No.:
Item of Form (identify)	Answer	
	<p>University, BA 1972. President of Shepard &amp; Associates Financial Services 1992 to present. Registered Representative and Registered Principal of Cambridge Investment Research Inc., August 1998 to present. Representative of Lincoln National Life 1977 to 1992.</p> <p>David L. Niehaus, born August 22, 1949. University of Missouri at Kansas City, BBA, 1972. Advisory Representative of Shepard &amp; Associates Financial Services from January 1993 to present. Registered Representative of Cambridge Investment Research, Inc., August 1998 to present. Representative of Lincoln National Life June 1972 to December 1992.</p> <p>Ronald P. Schwantes, born December 4, 1946. Wisconsin State University, BS Economics 1969. Advisory Representative of Shepard &amp; Associates Financial Services from August 1995 to present. Registered Representative of Cambridge Investment Research, Inc., August 1998 to present. K-Mart Corporation, Manager June 1969 to June 1995.</p> <p>Gregory C. Shepard, born December 3, 1976. Graduated from Kansas State University, BS Marketing in 1999. Advisory Representative of Shepard &amp; Associates Financial Services from November 2001 to present. Registered Representative of Cambridge Investment Research, Inc., January 2002 to present. Representative of Charles Schwab &amp; co., Inc. from September 2000 to October 2001.</p> <p>Charles W. LaReau, born November 20, 1946. University of Wisconsin-Green Bay, BS Business in 1972. Registered Financial Profession 1991 to present. Registered Representative of Cambridge Investment Research, Inc. November 2004 to present. Advisory Representative of Shepard &amp; Associates, Inc. from November 2004 to present.</p>	
Item 7. A and B	<p><b>Activities &amp; Affiliations</b></p> <p>IARs associated with the Adviser are registered securities representatives of Cambridge Investment Research, Inc. ("Cambridge") a registered broker/dealer, member Financial Industry Regulatory Authority ("FINRA"), and Securities Insurance Protection Corporation ("SIPC"). In addition, Adviser's IARs are licensed insurance agents with various insurance companies.</p> <p>In these capacities, the Adviser's IARs, as such, may recommend securities, insurance, advisory or other products, and receive compensation, such as commissions or 12b-1 fees if products are purchased through Cambridge or any company with whom they are associated. Thus, a conflict of interest exists between the interests of the Adviser's IARs and those of the Advisory clients.</p> <p>As well, F. Curtis Shepard, President and Chief Compliance Officer of the Adviser, is a minority shareholder in Cambridge Investment Research, Inc.</p>	
Item 9. B. E.	<p><b>Client Transactions</b></p> <p>In their capacity as registered representatives, the Adviser's IARs may receive payments from certain mutual funds distributed pursuant to a 12b-1 distribution plan or other such plans as compensation for administrative services, representing a separate financial interest and thus a conflict of interest. In all cases, transactions are effected in the best interests of the client.</p> <p>Adviser's IARs may own an interest in or buy or sell for their own accounts the same securities, which may be purchased or sold in the accounts of advisory clients. In all cases, client orders are given priority. The Adviser's IARs seek to ensure that they do not personally benefit from the short-term market effects of the their recommendations to clients.</p> <p>Adviser's IARs may also buy or sell a specific security for their own account based on personal investment considerations, which the Adviser does not deem appropriate to buy or sell for clients. Personal transactions of Adviser's IARs are regularly monitored to ensure client interests are put first in all relevant circumstances.</p> <p><b>Code Of Ethics</b></p>	

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of  
Form ADV  
Continuation Sheet for Form ADV Part II**

SEC File Number:  
801- 57170

Date:  
May 14, 2008

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: Shepard & Associates, Inc.		IRS Empl. Ident.No.:
Item of Form (identify)	Answer	
	<p>The Adviser has adopted a Code of Ethics for the purpose of instructing its personnel in their ethical obligations and to provide rules for their personal securities transactions. The Adviser and its personnel owe a duty of loyalty, fairness and good faith towards their clients, and the obligations to adhere not only to the specific provisions of the Code but to the general principles that guide the Code. The Code Of Ethics covers a range of topics that may include: general ethical principles, reporting personal securities trading, exceptions to reporting securities trading, reportable securities, initial public offerings and private placements, reporting ethical violations, distribution of the Code of Ethics, review and enforcement processes, amendments to Form ADV and supervisory procedures. The Adviser will provide a copy of the Code of Ethics to any client or prospective client upon request.</p>	
Item 10.	<p>The Adviser requires a minimum of \$100,000 to establish a new advisory account. However, the minimum may be waived at the sole discretion of the Adviser. In addition, the Adviser may continue to service existing accounts that have values that are below the minimum.</p>	
Item 11.A.	<p>Typically, Adviser's IARs perform reviews of all investment advisory accounts on no less than a quarterly basis. Client can request less frequent reviews, however, advisory accounts will be reviewed on at least an annual basis. Accounts are reviewed for their consistency with stated objectives and strategies. Reviews may be triggered by changes in the client's personal, tax or financial situation. Investment related persons referenced and profiled under Item 6 of this Schedule F conduct client account reviews. Those persons are:</p> <p style="padding-left: 40px;">F. Curtis Shepard, President and Chief Compliance Officer David L. Niehaus, Advisory Representative Ronald P. Schwantes, Advisory Representative Gregory C. Shepard, Advisory Representative Charles LaReau, Advisory Representative</p>	
Item 11. B.	<p>For advisory clients participating in Adviser's fee-based investment program, a quarterly report will be provided by the Adviser showing investment allocation and account performance. Clients will also receive periodic statements from investment sponsors and/or custodians.</p>	
Item 12. A.	<p>The Adviser will have, per written authorization by the client, full discretionary authority over the selection and amount of securities to be bought or sold without first obtaining specific client consent. Adviser or Adviser's IARs may suggest certain brokers or dealers to its clients. IARs are registered Representatives of Cambridge, a registered broker dealer, and as such are limited to placing transactions through Cambridge, or through broker dealers with whom Cambridge has written arrangements. Therefore, in implementing a plan through these recommended brokers or dealers, clients may pay commissions or fees that are higher or lower than those that may be obtained from elsewhere for similar services. Clients are advised that they are under no obligation to implement the plan or recommendations through the Adviser or Adviser's IARs in their capacities as described above.</p> <p>Charles Schwab &amp; Co., Inc</p> <p>The Adviser may recommend that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab &amp; Co., Inc ("Schwab"), a FINRA- registered broker dealer, member, SIPC to maintain custody of Adviser's client assets and to effect trades for their accounts. Although the Adviser may recommend that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab. Shepard &amp; Associates, Inc. is independently owned and operated and is not affiliated with Schwab.</p> <p>Schwab provides the Adviser with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to the advisers, so long as a total of at least \$10 million of the adviser's client account assets are maintained at Schwab Institutional. These services are not contingent upon the Adviser committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab's brokerage services include the execution of securities transactions, custody, research and access to mutual funds and other investments that are otherwise available only to institutional investors, or would require a significantly</p>	

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of  
Form ADV  
Continuation Sheet for Form ADV Part II**

SEC File Number:  
801- 57170

Date:  
May 14, 2008

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: Shepard & Associates, Inc.		IRS Empl. Ident.No.:
Item of Form (identify)	Answer	
	<p>higher minimum initial investment.</p> <p>For the Adviser client accounts maintained in its custody, Schwab generally does not charge separately for custody services, but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab, or that are executed through Schwab, or that settle into Schwab accounts.</p> <p>Schwab Institutional also makes available to the Adviser other products and services that benefit the Adviser, but may not directly benefit the Adviser's client accounts. Many of these products and services may be used to service all or a substantial number of the Adviser's accounts, including accounts not maintained at Schwab.</p> <p>Schwab's products and services that assist the Adviser in managing and administering the Adviser's client accounts include software and other technology that (i) provide access to client account data, (such as trade confirmations and account statements); (ii) facilitate trade execution and allocation of aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of the Adviser's fees from its client accounts, and; (v) assist with back-office functions, record keeping and client reporting.</p> <p>Schwab Institutional also offers other services intended to help the Adviser manage and further develop its business enterprise. These services may include: (i) compliance, legal and business consulting; (ii) publications and conferences on practice management and business succession, and (iii) access to employee benefit providers, human capital consultants and insurance providers. Schwab may make available, arrange and/or pay for these types of services to the Adviser. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services, or pay all or a part of the fees of a third party providing these services to the Adviser. Schwab Institutional may also provide other benefits, such as educational events or occasional business entertainment of Adviser's personnel. In evaluating whether to recommend or require that clients custody their assets at Schwab, Adviser 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 it considers, and not solely the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.</p> <p>Fidelity</p> <p>The Adviser may recommend that clients establish 403(b)(7) accounts with Fidelity Investments ("Fidelity") to maintain custody of assets and to effect trades for clients' accounts. Fidelity provides the Adviser with access to its trading and operations services. These services are available to the Adviser at no charge. Fidelity provides data downloads that enables the Adviser to facilitate trade executions and to facilitate payment of the Adviser's fees from its clients' accounts.</p> <p><b>TIAA/CREF</b></p> <p>Adviser may also recommend that clients establish 403 (b) accounts with TIAA/CREF to maintain custody of client's assets and to effect trades for their accounts. TIAA/CREF also provides the Adviser with access to its trading and operations services through TIAA/CREF's advisers division. TIAA/CREF offers to the Adviser services, which may include consulting, publications and retirement information as needed.</p>	
Item 12.B	<p>Clients wishing to implement the advice of the Adviser's IARs are free to select any broker they wish and are so informed. If clients wish to have the Adviser's IARs implement the advice in their capacities as registered representatives, their broker/dealer, Cambridge Investment Research, Inc. ("Cambridge"), will be used. Cambridge has a wide range of approved securities products for which Cambridge performs due diligence when selecting. Registered representatives of Cambridge are required to adhere to these products when implementing securities transactions. The commissions</p>	

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of  
Form ADV  
Continuation Sheet for Form ADV Part II**

SEC File Number:  
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1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: Shepard & Associates, Inc.		IRS Empl. Ident.No.:
Item of Form (identify)	Answer	
	<p>earned for these products may be higher or lower than commissions earned through another broker/dealer.</p> <p>In addition, some of the Adviser's IARs have entered into an Equity Participation Plan with Cambridge. Under this arrangement, the Adviser's IARs have the ability to earn a percentage of Cambridge's overall profit ratio. The Adviser's IARs are not owners or officers of Cambridge. However, the Adviser's IARs are eligible to participate in the Equity Participation Plan due to their affiliation as registered representatives of Cambridge. This arrangement between the Adviser's IARs and Cambridge is a potential conflict of interest between the Adviser and its clients in that it may inhibit the Adviser's independent judgment concerning the best execution services offered by Cambridge.</p> <p>While the Adviser has an arrangement with Cambridge and the clearing broker/dealers that have contracted with Cambridge, the Adviser will review, on at least an annual basis, alternative broker/dealers and custodians in the marketplace to ensure that Cambridge and its custodians are meeting the Adviser's duty to provide best execution for client accounts. The review will include a comparison to Cambridge and the currently used custodians, which involve evaluating criteria, such as overall expertise, cost competitiveness and financial condition. The quality of execution by Cambridge and custodians will be reviewed through trade journal evaluations. However, best execution does not simply mean the lowest transaction cost. Therefore, no single criteria will validate nor invalidate a custodian, but rather, all criteria taken together will be used in evaluating the currently utilized custodian. The recommendation of Cambridge or its approved broker dealers is not influenced by any soft dollar services or benefits provided to the advisor.</p>	
Item 13.A	In their capacities as registered representatives, the Adviser's IARs may receive payments from certain mutual funds distributed pursuant to a 12b-1 distribution plan or other such plans as compensation for sale of the fund and/or administrative services, representing a separate financial interest and thus a conflict of interest.	
General Information	<p><b>Proxy Voting Policy</b></p> <p>Pursuant to Advisors Act Rule 206(4)-6, Adviser and Adviser's IARs will not vote proxies for investment clients. This non-voting policy will include mailing preferences, corporate reorganizations and any other corporate actions.</p>	

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