

ITEM 1: FIRM BROCHURE

(Part 2A of Form ADV)

John Shao Portfolio Management, Inc.

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This brochure provides information about the qualifications and business practices of John Shao Portfolio Management, Inc. If you have any questions about the contents of this brochure, please contact us at: (972) 608-5374, or by email at: john@john-shao.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 John Shao Portfolio Management, Inc. is available on the SEC's website at www.adviserinfo.sec.gov. The CRD number of John Shao Portfolio Management, Inc. is 120214.

February 14, 2012

ITEM 2: MATERIAL CHANGES

A. ANNUAL UPDATE

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

B. MATERIAL CHANGES SINCE THE LAST UPDATE

The U.S. Securities and Exchange Commission issued a final rule in July 2010 requiring advisers to provide a Firm Brochure in narrative “plain English” format. The new final rule specifies mandatory sections and organization.

C. FULL BROCHURE AVAILABLE

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: (972) 608-5374 or by email at: john@john-shao.com.

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ITEM 4: ADVISORY BUSINESS

A. DESCRIPTION OF THE ADVISORY FIRM

John Shao Portfolio Management, Inc. was founded in 1998 in Oklahoma. It is now a company incorporated in Texas. John Shao is a 100% stockholder of John Shao Portfolio Management, Inc.

John Shao, Ph.D., CFA. began to offer investment advisory services in 1992 as a sole proprietorship while working as an assistant and later tenured associate professor of finance at Oklahoma City University. He resigned his professorship in 2006 so that he can devote full energy to his investment management career.

The mission of John Shao Portfolio Management, Inc. is to help clients achieve their long-term investment goals while managing investment costs, taxes, risk, and time by offering best personal service and individually constructed and continuously monitored portfolios.

John Shao Portfolio Management, Inc. provides investment consultation and portfolio management services to high net worth individuals, pension and profit sharing plans, trusts, estates, and small businesses. Advice is provided through consultation with the client and may include: determination of investment objectives, risk tolerance, cash flows in and out of portfolio, and investment strategy.

John Shao Portfolio Management, Inc. is strictly an asset-based fee-only investment management firm. The firm does not receive commissions for purchasing or selling stocks, bonds, mutual funds, real estate investment trusts, or other commissioned products for clients. The firm is not affiliated with entities that sell financial products or securities. No commissions in any form are accepted.

John Shao Portfolio Management, Inc. does not act as a custodian of client assets. The client always maintains asset control. John Shao Portfolio Management, Inc. places trades for clients under a limited power of attorney through qualified custodian/broker. As of October 31, 2011, Charles Schwab & Co. is the custodian/broker for clients.

Client portfolios are evaluated and may be adjusted on daily, weekly, or monthly basis, depending on the portfolio size and composition. Quarterly portfolio performance reports are mailed to clients.

The initial meeting, which may be done by telephone, is free of charge and is considered an exploratory interview to determine the extent to which investment management may be beneficial to the prospect and there is a good fit between the prospect and the firm.

B. TYPES OF ADVISORY SERVICES

John Shao Portfolio Management, Inc. provides investment supervisory services, also known as investment management services and furnishes investment advice through meetings.

Assets are invested primarily in equities, fixed-income securities, no-load mutual funds and exchange-traded funds, and exchange-traded real estate investment trusts, usually through discount brokers. Fund companies charge each fund shareholder an investment management fee that is disclosed in the fund prospectus. Discount brokerages may charge a transaction fee for the purchase of some funds.

Securities are purchased or sold through a brokerage account. The brokerage firm charges a commission for trades. John Shao Portfolio Management, Inc. does not receive any compensation, in any form, from fund companies or discount brokerages.

Investments may include: equities (stocks), corporate debt securities, commercial paper, certificates of deposit, municipal securities, investment company securities (mutual funds shares), U. S. government securities, exchange-tradable funds, and real estate investment trusts that are traded in stock exchanges.

Initial public offerings (IPOs) are not available through John Shao Portfolio Management, Inc.

C. TAILORED RELATIONSHIPS AND CLIENT IMPOSED RESTRICTIONS

The goals and objectives for each client are documented in our client relationship management system. John Shao Portfolio Management, Inc. tries to customize a portfolio for each client with consideration to his or her investment objectives, investment horizon, risk tolerance, and cash flow needs.

Clients may impose restrictions on investing in certain securities or types of securities.

D. WRAP FEE PROGRAMS

John Shao Portfolio Management, Inc. does not participate in wrap fee programs.

E. ASSETS UNDER MANAGEMENT

As of January 31, 2012, John Shao Portfolio Management, Inc. manages approximately \$65,000,000 in assets for approximately 56 clients. All assets are managed on a discretionary basis.

ITEMS 5: FEES AND COMPENSATION

A. ADVISORY SERVICES COMPENSATION DESCRIPTION

John Shao Portfolio Management, Inc. bases its fees on a percentage of assets under management.

The Investment Management Services Agreement fee is based on a percentage of the investable assets according to the following schedule per annum:

- 1.96% on the first \$500,000;
- 1.76% on the next \$500,000 (from 500,001 to 1,000,000);
- 1.56% on the next \$2,000,000 (from \$1,000,001 to \$3,000,000);
- 1.36% on the next \$3,000,000 (from \$3,000,001 to \$6,000,000);
- 1.16% on the next \$4,000,000 (from \$6,000,001 to \$10,000,000); and
- 0.96% for assets over \$10,000,000.

The minimum annual fee is \$10,000. Current client relationships may exist where the fees are higher or lower than the fee schedule above.

An initial portfolio construction fee of one-half of one percent (0.5%) with a minimum of \$2,500.00 of the Portfolio balance will be charged within three months of the engagement to defer costs incurred by JSPM and as a fee for developing a comprehensive, personal investment management strategy for Client taking into consideration Client's investment goals and tolerance for risk. The initial fee covers, but is not limited to, multiple Client meetings, completing necessary paperwork, assistance with necessary administrative work such as account openings and transfers, and adjustment of investment positions, all as may be necessary, in JSPM's opinion, to develop and implement the initial investment management strategy.

John Shao Portfolio Management, Inc., in its sole discretion, may waive its minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, etc.).

Fees are not negotiable.

B. PAYMENT OF FEES

Investment management fees are billed quarterly, in arrears, meaning that we invoice you *after* the three-month billing period has ended. Payment in full is expected upon invoice presentation. Fees may be deducted from a designated client account to

facilitate billing. The client must consent in advance to direct debiting of their investment account. Clients may also choose to pay by check.

C. THIRD PARTY/CUSTODIAN FEES

Custodians may charge transaction fees on purchases or sales of securities. These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security. You may want to read the section of the brochure that discusses brokerage now about transaction costs brokerages may charge you.

Mutual funds generally charge a management fee for their services as investment managers. The management fee is called an expense ratio. For example, an expense ratio of 0.50 means that the mutual fund company charges 0.5% for their services per annum. These fees are in addition to the fees paid by you to John Shao Portfolio Management, Inc. that will reduce net investment returns on clients' portfolios.

Performance figures quoted by mutual fund companies in various publications are after their fees have been deducted.

D. PREPAYMENT OF FEES

John Shao Portfolio Management, Inc. charges fees in arrears only. No prepayment of fees is required in any situations for any client.

E. OUTSIDE COMPENSATION FOR SALE OF SECURITIES TO CLIENTS

John Shao Portfolio Management, Inc. does not accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

ITEM 6: PERFORMANCE-BASED FEES

John Shao Portfolio Management, Inc. does not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.

ITEM 7: TYPES OF CLIENTS

A. DESCRIPTION

John Shao Portfolio Management, Inc. generally provides investment advice to high net worth individuals, small pension and profit sharing plans, trusts, estates, and corporations or business entities.

Client relationships vary in scope and length of service.

The minimum account size for new client is \$1,000,000 of assets under management, which equates to an annual fee of \$18,600.

When an account falls below \$500,000 in value, the minimum annual fee of \$10,000 may be charged.

John Shao Portfolio Management, Inc. has the discretion to waive the account minimum requirements.

Clients receiving ongoing asset management services may be assessed a \$10,000 minimum annual fee. Clients with assets below the minimum account size may pay a higher percentage rate on their annual fees than the fees paid by clients with greater assets under management.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

A. METHODS OF ANALYSIS

The security analysis method employed by John Shao is primarily fundamental analysis. No method of analysis can guarantee a certain rate of return in investments. There is always a risk of losing investment capital when investing in financial securities.

John Shao uses relative valuation method to analyze stocks. Relative valuation models are commonly used by portfolio managers to find assets that are cheap relative to how “similar” assets are being priced by the market right now. John Shao’s methodology starts with price/earnings ratio of stocks (P/E ratio). The P/E ratio of a stock reflects how many times of earnings (either trailing or expected) per share investors are willing to pay right now. Other factors considered in John Shao’s model include expected growth rate of earnings per share, P/E ratio of the Standard & Poor 500 Index, yield of 30-year Treasury bonds, expected return of the stock market, and beta of the stock. Those parameters are either market indicators or estimates based on research by other analysts. The quantitative model can be used to screen for new stocks to be purchased or to re-evaluate existing holdings on quarterly basis or when market conditions dictate.

Qualitative issues that will affect a company's stock price such as industry conditions, leadership changes, market share, product or service mix, regulatory environments, and competitions are also taken into consideration when the final decision is made with regard to buy or sell a stock.

The main sources of information include financial newspapers and magazines, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the Securities and Exchange Commission, company press releases, and multiple data services and newsletters.

Other sources of information that John Shao Portfolio Management, Inc. may use include but are not limited to Morningstar mutual fund information, Valueline information, and Charles Schwab & Company's website.

B. INVESTMENT STRATEGIES

The primary investment strategy used on client accounts is strategic asset allocation utilizing a core and satellite approach. This means that we use passively-managed index and exchange-traded funds as the core investments, and then add actively-managed funds where there are greater opportunities to make a difference. We use individual equities and fixed-income securities as core or satellite holdings. Portfolios are globally diversified to control the risk associated with markets.

Buy and hold is the primary investment strategy. John Shao Portfolio Management, Inc. does not engage in day trading activities for clients.

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time.

Other strategies may include long-term purchases, short-term purchases, trading, short sales, and margin transactions.

C. RISK OF SPECIFIC SECURITIES

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances.

For example, political, economic and social conditions may trigger market events.

- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

ITEM 9: DISCIPLINARY INFORMATION

The firm and its employees have not been involved in legal or disciplinary events.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. REGISTRATION AS A BROKER/DEALER OR BROKER/DEALER REPRESENTATIVE

John Shao Portfolio Management, Inc. is not registered and does not have an application pending to register, as a broker dealer and its management persons are not registered as broker/dealer representative.

B. REGISTRATION AS A FUTURES COMMISSION MERCHANT, COMMODITY POOL OPERATOR/TRADING ADVISOR

John Shao Portfolio Management, Inc. and its management persons are not registered and do not have application pending to register, as a futures commission merchant, commodity pool operator/advisor.

C. RELATIONSHIPS MATERIAL TO THIS ADVISORY BUSINESS AND POSSIBLE CONFLICTS OF INTEREST

John Shao Portfolio Management, Inc. and its management persons do not have material relationship or arrangement with any related person, other professionals or businesses that might create a material conflict of interest with clients.

D. SELECTION OF OTHER ADVISORS

John Shao Portfolio Management, Inc. does not recommend or select other investment advisers for its clients.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

A. CODE OF ETHICS

The employees of John Shao Portfolio Management, Inc. have committed to a Code of Ethics that is available for review by clients and prospective clients upon request. The

firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

The Company and its employees recognize their fiduciary obligation to each client. This means that the Company and its employees shall act in the client's best interest at all times, and the client's interest shall always be placed ahead of the Company's interest. Investment opportunities must be offered first to clients before the Company or its employees may act on them.

The Code of Ethics sets out ideals for ethical conduct premised on the fundamental principles of openness, integrity, honesty and trust. The Company places the highest value on ethical conduct. Employees should live up not only to the letter of the Code, but also to the ideals of the Company.

Employees of the firm shall comply with all applicable federal and state securities laws. The Code is designed to guard against violations of securities laws and to protect the reputation of the Company.

Employees are held personally accountable for learning, endorsing, promoting, and applying this Code to their own conduct and work.

Employees shall adhere to the compliance policies stipulated in the Company's *Compliance Manual*. Employees shall review the Company *Compliance Manual* and acknowledge their review in writing.

B. RECOMMENDATIONS INVOLVING MATERIAL FINANCIAL INTERESTS

John Shao Portfolio Management, Inc. does not recommend to clients, or buys or sells for clients, securities in which John Shao Portfolio Management, Inc. and its employees have a material financial interest.

C. INVESTING IN SAME SECURITIES AS CLIENTS

John Shao Portfolio Management, Inc. and its employees may buy or sell securities that are also held by clients. But John Shao Portfolio Management, Inc. and its employees do not buy securities from or sell securities to clients. Employees may not trade their own securities ahead of client trades. Employees comply with the provisions of the John Shao Portfolio Management, Inc. *Compliance Manual*.

The Chief Compliance Officer of John Shao Portfolio Management, Inc. is John Shao. He reviews all employee trades each quarter. The personal trading reviews ensure that the personal trading of employees does not affect the markets, and that clients of the firm receive preferential treatment. Since most employee trades are small mutual fund trades or exchange-traded fund trades, the trades do not affect the securities markets. No preferential treatment is granted to John Shao's personal account.

John Shao's personal account usually invests in the same kinds or types of securities as recommended to clients. It is John Shao's belief that this practice encourages John Shao to work diligently in searching and monitoring securities for clients.

D. TRADING SECURITIES AT/AROUND THE SAME TIME AS CLIENTS' SECURITIES

John Shao Portfolio Management, Inc. may recommend securities to clients, or buys or sells securities for client accounts, at or about the same time that its employees buy or sell the same securities for own accounts. John Shao does not believe that this practice will cause conflict of interest with clients.

ITEM 12: BROKERAGE PRACTICES

A. FACTORS CONSIDERED IN SELECTING CUSTODIAN AND/OR BROKER/DEALERS

John Shao Portfolio Management, Inc. does not have any affiliation with product sales firms or brokerage firms. Specific custodian recommendations are made to clients based on their need for such services. John Shao Portfolio Management, Inc. recommends custodians based on the proven integrity and financial strength of the firm, the best execution of orders at reasonable commission rates, and convenience to clients with local branches of the firm.

John Shao Portfolio Management, Inc. recommends discount brokerage firms (qualified custodians), such as Charles Schwab and Company. The CRD number of Charles Schwab & Co. is 5393. John Shao Portfolio Management, Inc. does not receive fees or commissions from any of these arrangements.

John Shao Portfolio Management, Inc. does not have soft-dollar research arrangement with Charles Schwab & Company.

ITEM 13: REVIEW OF ACCOUNTS

A. PERIODIC REVIEWS OF CLIENT ACCOUNTS

Account reviews are performed daily, weekly, monthly, or quarterly by advisor John Shao, depending on account size and compositions. Account reviews are performed more frequently when market conditions dictate. Periodic reviews may or may not result in buying or selling securities for accounts reviewed.

B. REVIEW TRIGGERS

Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's own situation.

C. REGULAR REPORTS

Clients receive periodic communications on at least quarterly basis. Clients receive written quarterly updates. The written updates include portfolio statement, portfolio performance, expenses and income reports, and realized capital gains/loss reports.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

A. ECONOMIC BENEFITS PROVIDED BY THIRD PARTY

John Shao Portfolio Management, Inc. does not have arrangement with anybody who provides investment advice or advisory services to its clients.

B. REFERRALS

John Shao Portfolio Management, Inc. has been fortunate to receive many client referrals over the years. The referrals came from current clients, estate planning attorneys, accountants, employees, personal friends of employees and other similar sources. The firm does not compensate referring parties for these referrals.

John Shao Portfolio Management, Inc. does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

ITEM 15: CUSTODY

A. SEC "CUSTODY"

John Shao Portfolio Management, Inc. does not have custody of client accounts.

B. ACCOUNT STATEMENTS FROM CUSTODIANS

All assets are held at qualified custodians, which mean the custodians provide account statements directly to clients at their address of record at least monthly. Clients may elect to access their account information including monthly statements through the website of the custodians. The website address for Charles Schwab & Co, the qualified

custodian, is www.schwaballiance.com. Clients can get assistance in setting up access to this website by calling Charles Schwab & Co. at 1-800-515-2157.

Clients are urged to carefully review those statements and ask either John Shao Portfolio Management, Inc. or Charles Schwab & Co. to explain if they have any questions concerning the statements.

ITEM 16: INVESTMENT DISCRETION

A. DISCRETIONARY AUTHORITY FOR TRADING

John Shao Portfolio Management, Inc. accepts discretionary authority to manage securities accounts on behalf of clients. John Shao Portfolio Management, Inc. has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. However, John Shao Portfolio Management, Inc. consults with the client prior to each trade to obtain concurrence if a blanket trading authorization has not been given.

The client approves the custodian to be used and the commission rates paid to the custodian. John Shao Portfolio Management, Inc. does not receive any portion of the transaction fees or commissions paid by the client to the custodian on certain trades.

B. LIMITED POWER OF ATTORNEY

A limited power of attorney is a trading authorization for this purpose. Clients sign a limited power of attorney so that we may execute the trades on clients' behalf.

ITEM 17: VOTING CLIENT SECURITIES

A. PROXY VOTES AND PROXY AUTHORITY

John Shao Portfolio Management, Inc. does not have nor will accept authority to vote proxies on securities held by clients. Clients are expected to vote their own proxies. They will receive their proxies or other solicitations directly from their custodians.

When assistance on voting proxies is requested, John Shao Portfolio Management, Inc. will provide recommendations to the Client. If a conflict of interest exists, it will be disclosed to the Client.

ITEM 18: FINANCIAL INFORMATION

A. FINANCIAL CONDITION

A balance sheet is not required to be provided because John Shao Portfolio Management, Inc. does not serve as a custodian for client funds or securities, and does not require prepayment of fees.

B. DISCRETIONAL AUTHORITY OR CUSTODY

John Shao Portfolio Management, Inc. does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

C. BANKRUPTCY PETITIONS IN PREVIOUS TEN YEARS

John Shao Portfolio Management, Inc. has never been the subject of a bankruptcy petition at any time in the past since it was established in 1998.

ITEM 19: REQUIREMENTS FOR STATE-REGISTERED ADVISORS

A. MANAGEMENT PERSONS, EDUCATION AND BUSINESS STANDARDS

John Shao Portfolio Management, Inc. is 100% owned by John Shao. He is also the President and Chief Compliance Officer. His individual CRD number is 3020236. Additional information about John Shao is available on the SEC's website at www.adviserinfo.sec.gov.

Educational Background:

- Year of birth: 1963
- Ph.D. in Finance, Virginia Polytechnic Institute and State University, 1991
- Master of Science in Statistics, Virginia Polytechnic Institute and State University, 1989
- Master of Arts in International Business, University of Texas at Dallas, 1987
- Bachelor of Electrical Engineering, Tsinghua University, Beijing, China, 1984
- Chartered Financial Analyst holder since 2002 (Please see the minimum qualifications for Chartered Financial Analysts below)
-

Chartered Financial Analyst (CFA): Chartered Financial Analysts are licensed by the CFA Institute to use the CFA mark. CFA certification requirements are as follows:

- Hold a bachelor's degree from an accredited institution or have equivalent education or work experience.
- Successful completion of all three exam levels of the CFA Program.
- Have 48 months of acceptable professional work experience in the investment decision-making process.
- Fulfill society requirements, which vary by society. Unless you are upgrading from affiliate membership, all societies require two sponsor statements as part of each application; these are submitted online by your sponsors.
- Agree to adhere to and sign the Member's Agreement, a Professional Conduct Statement, and any additional documentation requested by CFA Institute.

Business Experience:

- Founder, President of John Shao Portfolio Management, Inc. incorporated in Texas since 2008
- Founder, President of John Shao Portfolio Management, Inc. incorporated in Oklahoma from 1998 to 2007
- Financial Advisor and Investment Management as Sole Proprietor from 1992 to 1998
- Tenured Professor of Finance in Oklahoma City University from 1991 to 2005

ITEM 1: BROCHURE SUPPLEMENT (PART 2B OF FORM ADV)

This brochure supplement provides information about John Shao that supplements the John Shao Portfolio Management, Inc. brochure. You should have received a copy of that brochure. Please contact John Shao if you did not receive the John Shao Portfolio Management, Inc. brochure or if you have any questions about the contents of this supplement.

Additional information about John Shao is available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2: EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE OF JOHN SHAO

Educational Background:

- Year of birth: 1963
- Ph.D. in Finance, Virginia Polytechnic Institute and State University, 1991
- Master of Science in Statistics, Virginia Polytechnic Institute and State University, 1989
- Master of Arts in International Business, University of Texas at Dallas, 1987
- Bachelor of Electrical Engineering, Tsinghua University, Beijing, China, 1984
- Chartered Financial Analyst holder since 2002 (Please see the minimum qualifications for Chartered Financial Analysts below)
-

Chartered Financial Analyst (CFA): Chartered Financial Analysts are licensed by the CFA Institute to use the CFA mark. CFA certification requirements are as follows:

- Hold a bachelor's degree from an accredited institution or have equivalent education or work experience.
- Successful completion of all three exam levels of the CFA Program.
- Have 48 months of acceptable professional work experience in the investment decision-making process.
- Fulfill society requirements, which vary by society. Unless you are upgrading from affiliate membership, all societies require two sponsor statements as part of each application; these are submitted online by your sponsors.
- Agree to adhere to and sign the Member's Agreement, a Professional Conduct Statement, and any additional documentation requested by CFA Institute.

Business Experience:

- Founder, President of John Shao Portfolio Management, Inc. incorporated in Texas since 2008.
- Founder, President of John Shao Portfolio Management, Inc. incorporated in Oklahoma from 1998 to 2007. Financial Advisor and Investment Management as Sole Proprietor from 1992 to 1998
- Tenured Professor of Finance in Oklahoma City University from 1991 to 2005

ITEM 3: DISCIPLINARY INFORMATION

John Shao has not been the subject of any legal or disciplinary actions by courts, regulatory agencies, self-regulatory organizations, or professional societies.

ITEM 4: OTHER BUSINESS ACTIVITIES

None

ITEM 5: ADDITIONAL COMPENSATION

None

ITEM 6: SUPERVISION

John Shao is the owner and president of John Shao Portfolio Management, Inc. He is also the chief compliance officer and chief investment strategist. John Shao is not supervised by anybody else since he is the sole investment professional at John Shao Portfolio Management, Inc.

ITEM 7: REQUIREMENTS FOR STATE-REGISTERED ADVISORS

A. ARBITRATION AND ADMINISTRATIVE PROCEEDINGS

John Shao has not been involved with any arbitration or administrative proceeding events.

B. BANKRUPTCY

John Shao has not been the subject of a bankruptcy petition.

ITEM 20 (PART 2A): INFORMATION SECURITY PROGRAM AND PRIVACY NOTICE

A. INFORMATION SECURITY

John Shao Portfolio Management, Inc. maintains an information security program to reduce the risk that your personal and confidential information may be breached.

Electronic files are backed up daily and archived offsite.

B. PRIVACY NOTICE

John Shao Portfolio Management, Inc. is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us.

The categories of nonpublic information that we collect from you may include information about your personal finances, information about your health to the extent that it is needed for the investment management process, and information about transactions between you and third parties. We use this information to help you meet your personal financial goals.

With your permission, we disclose limited information to attorneys, accountants, and mortgage lenders with whom you have established a relationship. You may opt out from our sharing information with these nonaffiliated third parties by notifying us at any time by telephone, mail, fax, email, or in person. With your permission, we share a limited amount of information about you with your brokerage firm in order to execute securities transactions on your behalf.

We maintain a secure office to ensure that your information is not placed at unreasonable risk. We employ a firewall barrier, secure data encryption techniques and authentication procedures in our computer environment.

We do not provide your personal information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated third parties that require access to your personal information, including financial service companies, consultants, and auditors. Federal and state securities regulators may review our Company records and your personal records as permitted by law.

Personally identifiable information about you will be maintained while you are a client, and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, information may be destroyed.

We will notify you in advance if our privacy policy is expected to change. We are required by law to deliver this *Privacy Notice* to you annually, in writing.