



---

SHEPHERD KAPLAN LLC

# Form ADV Part II

---

## Uniform Application for Investment Adviser Registration

### **SHEPHERD KAPLAN LLC™**

125 Summer Street, 22nd Floor, Boston, MA 02110

Contact Employee: Bruce Goodman  
General Counsel and Chief Compliance Officer

T: 617-896-1627

F: 617-896-1677

E: [bgoodman@sk-llc.com](mailto:bgoodman@sk-llc.com)

[www.sk-llc.com](http://www.sk-llc.com)

March 30, 2016

This brochure provides information about the qualifications and business practices of Shepherd Kaplan LLC. If you have any questions about the contents of this brochure, please contact us at 617-896-1600. 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 Kaplan LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Registration does not imply a certain level of skill or training.

**Item 2: Material Changes**

There were no material changes to this document since the last annual update of our brochure, which was dated March 31, 2015

## Item 3: Table of Contents

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

**Item 4: Advisory Business****Advisory Business & Ownership:**

Shepherd Kaplan (SK) was founded in 1998 by David Shepherd and David Kaplan. We are wholly-owned by our members, all of whom are key managers, with offices in Boston (Headquarters), San Antonio, TX, West Palm Beach, FL and Atlanta, GA.

We provide advisory services to institutional, private, and charitable foundation clients. Our institutional clients include publicly-traded companies, major corporations and law firms, as well as healthcare and educational institutions. Our private clients include ultra-high-net-worth individuals, families, trusts and family offices. Our charitable foundation clients include regional/area foundations and university endowments.

**Technology – A Core Competitive Differentiator:**

A core component of the Shepherd Kaplan business model is our advanced proprietary technology developed over more than a decade. This proprietary technology platform allows SK to generate technology-enhanced investment strategies and asset allocation models; to structure extensive manager searches, manager evaluation and manager monitoring; and to provide our clients with transparent aggregation of data and performance analytics.

This platform not only enables us to conduct sophisticated quantitative analysis on managers and investments, but it also incorporates “early warning analytics” which permit us to identify certain issues before they become problems.

**Open Architecture & Conflict Free:**

Shepherd Kaplan delivers independent and unconflicted investment services. The only fee earned by the firm is the investment advisory fee paid by clients. We use an open architecture platform to develop investment strategies and select investment managers. We follow thousands of managers of both standard traded securities as well as alternative assets on an ongoing basis. Shepherd Kaplan does not offer its own proprietary investment products.

**Institutional Clients:**

SK provides the following services to institutional clients:

**Investment Services:**

- Assist in establishing investment policies, identifying appropriate levels of risk, return and liquidity objectives,
- Recommend target asset allocation strategies and investment manager structures to meet investment objectives,
- Conduct manager searches and recommend investments and investment managers across all asset classes and structures - structures include mutual funds, separate accounts and alternative investments,
- Monitor investment managers and provide, at minimum, quarterly detailed portfolio performance reporting,
- Recommend rebalancing strategies,
- Recommend appropriate performance standards to evaluate investment managers, and
- Create model portfolios for defined contribution plans.



**Administrative Services:**

- Review and supervise custody, trust and administrative services, as needed,
- Comprehensively analyze portfolio expenses and implementation of cost controls, and
- Provide “request for proposal” (RFP) services for selection of custodians and administrators.

**Fiduciary Risk Management Services:**

- Expressly assume fiduciary status in providing investment advice,
- With respect to plans subject to ERISA, we assume discretion in one of two manners:
  - (i) serving as an investment manager, as defined in section 3(38) of ERISA, and/or
  - (ii) serving as the plan’s “named fiduciary” for plan-level investment matters
- Offer Outsourced Chief Investment Officer (OCIO) and Outsourced Chief Investment Committee (OIC) fiduciary services
- Educational services for client fiduciaries,
- Customization, implementation and ongoing management of SK’s proprietary Fiduciary Governance and Document Archiving System for clients. Capabilities include:
  - A central archiving repository for documents in support of fiduciary and investment activities with variable security access for authorized parties and query-able data structure,
  - Integrated communication and approval capabilities,
  - Secure transmittal of all documents and reports, and
  - Integrated process management and notification capabilities.

For institutional clients, our advisory services begin with a complete review of their investment portfolio, fiduciary controls and vendor relationships. Next, a manager search is conducted in each recommended asset class. These searches look at the behavioral characteristics of each investment relative to its peer group, and corresponding indices. Finally, an Investment Policy Statement is created and a portfolio is constructed to meet the client’s goals and objectives, risk/return, cost, and liquidity needs.

We expressly acknowledge our co-fiduciary status and assist our clients in implementing investment management procedures that meet or exceed the standards set by the Employee Retirement Income Security Act (ERISA) and the Department of Labor.

The principal components of our fiduciary process are the creation of an Investment Policy Statement and the generation and preservation of documentation demonstrating the prudent selection, monitoring and replacement of investments. In addition, we assist clients in identifying and reviewing their specific custody and administration needs and aid in the selection of the most appropriate vendors. Since the firm’s beginning, we have been committed to uncovering and recapturing costs associated with our client retirement plans for the benefit of the plans.

**Private Clients:**

SK provides the following services to private clients:

**Investment Services:**

- Assist in establishing investment policies, identifying appropriate levels of risk, return and liquidity objectives,
- Recommend target asset allocation strategies and investment manager structures to meet investment objectives,

- Conduct manager searches and recommend investments and investment managers across all asset classes and structures, which may include mutual funds, separate accounts and alternative investments,
- Tax sensitive implementation and management of investment strategies,
- Monitor investment managers and provide, at minimum, quarterly detailed portfolio performance reporting,
- Recommend rebalancing strategies,
- Recommend appropriate performance standards to evaluate investment managers, and
- Recommend custodial and other service providers to optimize access to investments, quality of reporting and cost efficiency.

## **Wealth Management Services:**

- Detailed cash flow analysis and reporting,
- Coordination with tax and legal counsel,
- Recommendations to mitigate and manage financial risk,
- Customization, implementation and ongoing management of SK's proprietary Fiduciary Governance and Document Archiving System for clients. Capabilities include:
  - A central archiving repository for documents in support of fiduciary and investment activities with variable security access for authorized parties and query-able data structure,
  - Integrated communication and approval capabilities,
  - Secure transmittal of all documents and reports, and
  - Integrated process management and notification capabilities.

## **Family Office Services:**

As part of its services to the unique needs of family offices, Shepherd Kaplan provides or consults on:

- Tax Review & Compliance
  - Review of individual & entity tax returns
  - Facilitate estimated tax payments
  - Tax legislation updates
- Wealth Transfer Planning
  - Develop objectives
  - Diagram current plan
  - Financial modeling
  - Action plan to implement changes
- Family Continuity / Education
  - Family governance
  - Family education plan
  - Family meeting coordination
  - Coaching and mentoring
  - Coordination of outside advisors
- Personal Finance & Lifestyle Management

- Balance sheet analysis
- Retirement planning
- Bank financing analysis & negotiation
- Investment Management
  - Cash flow & liquidity management
  - Family lifetime & legacy goals
  - Estate planning coordination
  - Asset protection integration
  - Investment strategy / control procedures
  - Portfolio tax management & integration
- Family Philanthropy
  - Assist in developing multi-generational objectives
  - Personal giving programs
  - Private foundation strategies
  - Strategy and implementation
  - Foundation and grant consulting
- Liability Management Consulting
  - Property & casualty insurance assessment
  - Specialty lines of insurance
  - Life Insurance needs and strategy

We act as our clients' Chief Investment Officer, providing the investment-related information and advice necessary to assist our clients in achieving their financial goals. Our employees have experience and expertise in financial planning, asset allocation, investment selection and monitoring, performance reporting, and coordinating with tax and estate planning professionals.

The portfolio planning process begins with an analysis of a client's current financial condition and interviews to uncover their financial goals and requirements. Next, a comprehensive financial model is created to analyze the impact of future cash flows and market volatility. Finally, an Investment Policy Statement is created and a portfolio is constructed with sensitivity to tax efficiency, cost, liquidity, income and growth needs. We manage both discretionary and non-discretionary portfolios.

#### **Endowment & Foundation Clients:**

SK provides the following services to Endowment and Foundation clients:

#### **Investment Services:**

- Assist in establishing investment and spending policies, identifying appropriate levels of risk, return and liquidity objectives,
- Recommend target asset allocation strategies and investment manager structures to meet investment objectives,
- Conduct manager searches and recommend investments and investment managers across all asset classes and structures - structures include exchange traded funds, mutual funds, separate accounts and alternative investments,
- Monitor investment managers and provide, at minimum, quarterly detailed portfolio performance reporting,
- Recommend rebalancing strategies,
- Recommend appropriate performance standards to evaluate investment managers,

- Assist in cash flow and liquidity management.

**Administrative Services:**

- Review and supervise custody, trust and administrative services, as needed,
- Comprehensively analyze portfolio expenses and implementation of cost controls,
- Provide “request for proposal” (RFP) services for selection of custodians and administrators.

**Fiduciary Risk Management Services:**

- Expressly assume fiduciary status in providing investment advice,
  - Provide investment services on a Discretionary or Non-Discretionary basis
- Offer Outsourced Chief Investment Officer (OCIO) and Outsourced Chief Investment Committee (OIC) fiduciary services,
- Educational services for client fiduciaries,
- Customization, implementation and ongoing management of SK’s proprietary Fiduciary Governance and Document Archiving System for clients. Capabilities include:
  - A central archiving repository for documents in support of fiduciary and investment activities with security access for authorized parties and query-able data structure,
  - Integrated communication and approval capabilities,
  - Secure transmittal of documents and reports, and
  - Integrated process management and notification capabilities.

Shepherd Kaplan offers expertise to meet the unique needs and goals of endowment and foundation (E&F) clients. Our approach to these clients draws on our experience in providing services to both institutional and private clients, and focuses on providing custom portfolios for both short and long term client goals.

Our E&F investment management services are provided with an emphasis on meeting the institution’s distribution needs through varied market conditions. We provide attention to overall cost containment and management as well as specialized governance and fiduciary risk services, including education and presentations to the institution’s staff and Board.

The principal components of our fiduciary process are the creation of an Investment Policy Statement and the generation and preservation of documentation demonstrating the prudent selection, monitoring and replacement of investments. In addition, we assist clients in identifying and reviewing their specific custody and administration needs and aid in the selection of the most appropriate vendors. For clients that retain our services without an existing Spending Policy in place, we work with these clients to craft, implement, and reinforce a Spending Policy that meets their needs.

We expressly acknowledge our co-fiduciary status.

**Wrap Fee Programs:**

We do not participate in “wrap fee” programs.

**Assets Under Management (AUM)**

As of March 2015 Shepherd Kaplan’s assets under management were as follows:

**Total AUM:** \$8,350,897,266

***Discretionary:*** \$727,712,938

***Non-Discretionary:*** \$7,623,184,328





## Item 5: Fees and Compensation

### Institutional Clients

Fees are assessed based on assets under management and plan type, and may include a minimum annual fee. Annualized fees are set forth in the client's management agreement. They generally range from 5 to 50 Basis Points (bps, 1 bps = .01%) and are negotiated on an individual basis. SK generally bills for services on a quarterly basis in advance. Clients may also pay an initial negotiated consulting fee. If applicable, there may be an additional fee for conducting a vendor search for a custodian or administrative recordkeeper. Clients approve invoiced fees prior to billing.

Fees are either deducted from client-designated accounts, or are billed to the client and paid separately. At the time of client relationship termination, any fees received for services not yet performed will be fully refunded on a pro-rated basis.

### Private Clients

Fees are generally assessed based on assets under management and may include a minimum fee. Annualized fees are set forth in the client's management agreement. They generally range from 40 to 100 Basis Points (bps, 1 bps = .01%) and are negotiated on an individual basis. SK generally bills for services on a quarterly basis in advance. Clients may also pay a negotiated initial consulting fee.

In some limited circumstances, SK and a sophisticated private client may agree upon a performance-based fee that both parties deem appropriate. For example, SK may receive a portion of the return on the client's investments.

Fees are either deducted from client-designated accounts, or clients may choose to be billed and pay fees separately. On a quarterly basis, clients receive an invoice with details of their assets as of quarter end and the fees charged for each account. At the time of client relationship termination, any fees received for services not yet performed will be fully refunded on a pro-rated basis.

### Endowment & Foundation Clients

Fees are assessed based on assets under management and may include a minimum fee. Annualized fees are set forth in the client's management agreement. They generally range from 40 to 100 Basis Points (bps, 1 bps = .01%) and are negotiated on an individual basis. SK generally bills for services on a quarterly basis in advance. Clients may also pay a negotiated initial consulting fee.

Fees are either deducted from client-designated accounts, or clients may choose to be billed and pay fees separately. On a quarterly basis, clients receive an invoice with details of their assets as of quarter end and the fees charged for each account. At the time of client relationship termination, any fees received for services not yet performed will be fully refunded on a pro-rated basis.

### Non-SK Fees

For institutional, private and E&F clients, the following services are provided by others and may generate additional cost, no part of which accrues to SK:

- Custodial service fees,
- Investment manager fees, if applicable,
- Brokerage and other associated transaction fees, if applicable. Please see Item 12 for additional information regarding brokerage arrangements.

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

In limited circumstances, SK may negotiate a performance-based fee with a sophisticated individual client

that the parties deem appropriate. Please refer to Item 5 for an illustration of how a performance-based fee might be structured. SK does not believe performance-based fees create any conflict of interest for itself or its supervised persons because its advisory services are customized to the individual needs and circumstances of each client.

## Item 7: Types of Clients

### Institutional Clients

SK's institutional clients include publicly-traded companies, major corporations and law firms, and healthcare and educational institutions. Client account structures include defined contribution plans, defined benefit plans, and other corporate funds.

There is no fixed minimum for institutional clients.

### Private Clients

SK's private clients include ultra-high-net-worth individuals, families, trusts and family offices.

SK generally requires a minimum total account size of \$20,000,000 for new private clients.

### Endowment & Foundation Clients

SK's endowment and foundation clients include donor-advised funds, private charitable endowments and trusts, and large regional/area foundations. There is no fixed minimum for endowment and foundation clients.

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

SK utilizes its proprietary research systems to aid in the creation of diversified portfolios. SK's systems incorporate data from several sources including Callan Associates, Morningstar, eVestment and others. SK augments its systematic performance data analysis of investments with qualitative research, which may include interviews with managers, review of investment documentation, and other background investigation.

Client portfolio assets are allocated among various asset classes and rebalanced periodically to manage risk. Additionally, tactical shifts in asset class allocations are used to adjust for changing capital market scenarios.

SK generally recommends or selects investment managers for client portfolios. Recommended investment structures may include mutual funds, exchange traded funds, separately managed accounts, or various alternative investments, such as hedge funds or private equity funds. Each investment vehicle employs a particular investment strategy, which, together with its risks, is described in the investment's prospectus, ADV, offering materials, and/or other disclosures.

There are risks that may impact the likelihood of meeting a client's expected long term goals. These risks include, but are not limited to, a change in a client's needs and objectives, the use of incorrect assumptions in the planning process, implementing an ineffective strategy, and general market risks, including underperformance of individual investments or the market as a whole.

Clients are cautioned that all investments involve risk, past performance is no assurance of future performance, and achievement of a client's investment performance goals and preservation of principal are not guaranteed. SK endeavors to mitigate these risks by closely monitoring the current performance of asset classes and investments in client portfolios, as well as assessing changes in the global economy and financial markets.

### Item 9: Disciplinary Information

Registered Investment Advisers are required to disclose all material facts regarding any material legal or disciplinary events regarding their integrity or the integrity of their management personnel.

Neither SK nor any member of its management, (a) has been charged with, found to be involved in, convicted for, pled nolo contendere to, or sanctioned for any civil, criminal or administrative Offense (including by the SEC, a domestic, foreign or military court, or any self-regulatory organization), or (b) is subject to any court or administrative order relating to any Offense.

“Offense” means a felony, a misdemeanor that involves investments or an investment-related business, fraud, false statements, or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting or extortion, a conspiracy to commit any of those offenses, or any violation of an investment-related statute or rule.

### Item 10 Other Financial Industry Activities and Affiliations

Neither SK, nor any of its management, has a relationship that is material to SK’s business or to our clients, with any related person that is a broker-dealer, custodian, investment adviser or any other financial or related institution. SK does not receive compensation from, or have other business relationships with, any other investment adviser that it recommends to clients that creates a material conflict of interest.

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

The Code of Ethics (“Code”) establishes rules of conduct for all supervised persons of SK. The term “supervised persons” includes members, managers, employees of SK and consultants, if any, who provide advice on behalf of SK and are subject to SK’s supervision and control.

The Code is based upon the principle that SK and its supervised persons owe a fiduciary duty to SK’s clients to conduct their affairs, including their personal securities transactions, in such a manner as to avoid (i) serving their own personal interests ahead of client interests, (ii) taking inappropriate advantage of their positions within the firm and (iii) any actual or potential conflicts of interest or any abuse of their positions of trust and responsibility.

Pursuant to Section 206 of the Advisers Act, both SK and its supervised persons are prohibited from engaging in fraudulent, deceptive or manipulative conduct. Compliance with this section involves more than acting with honesty and good faith alone; it means that SK has an affirmative duty to act solely in the best interest of its clients.

SK and its supervised persons are subject to the following specific fiduciary obligations when dealing with clients and/or other supervised persons:

- The duty to have a reasonable, independent basis for the investment advice provided;
- The duty to obtain best execution for a client’s transactions where the firm is in a position to direct brokerage transactions for the client;
- The duty to ensure that investment advice is suitable to the client’s individual objectives, needs and circumstances;

- A duty to be loyal to clients;
- To treat everyone fairly, have mutual respect, promote a team environment and avoid the intent and appearance of unethical or compromising practices;
- To disclose any conflicts of interest regarding their position within SK; and
- To comply with applicable securities laws.

The Code of Ethics contains specific provisions regarding personal trading of securities, including a prohibition on trading based on material, nonpublic information and required disclosures of personal holdings and trading activities. It also contains provisions requiring the confidential treatment of client information, prior approval of political contributions, disclosure and approval of conflicting business arrangements, and regulation of circumstances under which supervised persons may accept gifts or business entertainment.

SK will provide a copy of the Code of Ethics to any client or prospective client upon request without charge.

#### **Personal Trading**

SK monitors supervised persons' trading activities, in accordance with SEC regulations, in order to assure that no conflicts arise between the interests of SK's clients and supervised persons as a result of the supervised persons' personal trading activities.

SK has adopted the following principles governing personal investment activities by SK's supervised persons:

- The interests of client accounts will be placed before employee interests;
- All personal securities transactions will be conducted in such manner as to avoid any actual or potential conflict of interest or any abuse of an individual's position of trust and responsibility; and
- Supervised persons must not take inappropriate advantage of their positions.

*Material Nonpublic Information:* No supervised person may trade, either personally or on behalf of others, while in the possession of material, nonpublic information, nor may any personnel of SK communicate material, nonpublic information to others in violation of the law.

*Pre-Clearance Required for Participation in IPOs and Private or Limited Offerings:* No supervised person shall acquire beneficial ownership in any securities in an Initial Public Offering, Private Placement, or Limited Offering without the prior written approval of the Chief Compliance Officer (CCO).

*Supervised Person Reporting:* Supervised persons are required to report certain securities holdings upon initial employment or engagement, and annually thereafter. Also, supervised persons are required to report securities transactions quarterly. The CCO reviews such reports for compliance with SK policies regarding personal securities transactions and SEC rules.

If a supervised person is found to have a securities holding that potentially conflicts with advice that such person or other supervised persons may give to clients, the firm may require divestiture of the holding or establish procedures to avoid a conflict, such as restrictions on or management approval of such advice and/or disclosures describing the potential conflicts to affected clients.

## **Item 12: Brokerage Practices**

SK allows clients to direct transactions to the broker-dealer of their choice. Additionally, clients may select a custodian of their choice. SK will recommend broker-dealers and/or custodians that we believe best meet the needs of each client. By directing brokerage, clients may not be able to achieve the most favorable execution of transactions.

SK does not receive any fees, commissions, or other compensation from any custodian or broker-dealer. SK does not have a "soft dollar" arrangement with any custodian or broker-dealer.



SK does not purchase research or other products or services from any outside sources affiliated with broker-dealers or custodians. SK seeks to negotiate the best terms and pricing from the custodians and broker-dealers for the benefit of our clients.

SK has a reasonable belief that the custodians and broker-dealers utilized by SK are able to obtain best execution and competitive pricing. SK reserves the right to decline acceptance of any client that directs the use of a broker-dealer that we believe would adversely affect our duty to obtain best execution and effectively manage the client's assets.

Our firm's policy is to aggregate client transactions where possible and when advantageous to clients. In these instances, clients participating in aggregated transactions will receive an average share price and transaction costs will be shared on a pro-rata basis.

### Item 13: Review of Accounts

SK's Investment Committee, co-chaired by David Shepherd and David Kaplan, has the overall responsibility for developing investment strategies, investment selection, and the implementation and monitoring of firm-wide investment processes and controls. Investment Advisory consultants and Client Advisors are responsible for managing each client's portfolio consistent with the client's objectives; however the entire firm works as a collective team to fulfill our clients' advisory needs.

To support this effort, the firm develops, for each client, an Investment Policy Statement (IPS) that establishes the goals and objectives for the client's portfolio, along with the specific asset allocation targets, rebalancing limits, investment monitoring criteria, cost controls, and investment restrictions.

Each Client IPS is integrated with the firm's proprietary technology to enable investment advisory consultants and senior management to review portfolios and investments for client suitability and compliance with the client's IPS. The automated IPS is a powerful risk management tool which permits senior management and investment advisory consultants to efficiently monitor portfolios. The system automatically generates alerts when portfolio investments and allocations do not comport with IPS guidelines.

Client portfolios are regularly reviewed by a senior member of the firm.

***Institutional Portfolio Review includes an examination of the following account information:***

- Asset allocation,
- Investment selection,
- Revenue recapture account,
- Investment share class comparison,
- Account performance, and
- Verifying plan objectives, goals and needs are being met.

***Private Portfolio Review includes an examination of the following account information:***

- Asset allocation,
- Investment selection,
- Cash account levels,
- Account performance, and
- Verification of client objectives, goals and needs are being met through financial planning.

***Supervised Persons overseeing portfolio reviews:***

David Shepherd – Co-CEO, Managing Member

David Kaplan – Co-CEO, Managing Member

Chris Shepherd – Member, Managing Director, Private Practice



Julie Rousseau – Member, Managing Director, Private Practice  
Michael Halloran – Member, Managing Director, Institutional Practice  
Shawn Samperi – Member, Senior Advisor  
Al Otto – Senior Advisor  
Whitney Solcher – Senior Advisor  
Chris Cole – Senior Advisor  
James Lawless – Senior Advisor  
Maggie Piccirillo – Senior Advisor  
Fran Coopersmith – Senior Advisor  
Andrew Wethern – Senior Advisor  
Paul Morgan – Senior Advisor

***Standard client reporting includes:***

***Performance Report:*** SK client account performance reports contain both time-weighted return (TWR) as well as internal rate of return (IRR). Return calculations include realized gains, unrealized gains, interest, dividends, changes to accrued interest, and management fees. Performance reports show total portfolio return as well as the return of underlying investments for current and past holdings.

***Investment Monitoring:*** SK monitoring reports track the performance of each investment within the client's portfolio relative to peers and indices. Monitoring criteria includes: volatility, performance relative to risk, portfolio concentration, expense ratios/fees, and correlation to style or peer group.

***Investment Search:*** SK investment search reports present the client with comprehensive comparative reporting on investment candidates within each asset class under review. An investment asset class search is conducted before recommending an investment change, or if a client requests a review of a currently held or new investment manager. This report is used internally and in consulting with clients.

***Portfolio Matrix:*** SK portfolio matrix reports show an aggregated view of all investment accounts for private and defined benefit clients. The report displays investments in their respective asset classes along with target and actual allocations.

Quarterly client reporting is provided electronically through our password protected website and is also available in hard copy format.

## Item 14: Client Referrals and Other Compensation

In appropriate circumstances, SK may enter into arrangements to compensate third parties for referring clients to SK in accordance with written agreements that comply with Rule 206(4)-3 of the Investment Advisers Act of 1940 and other legal requirements. Such compensation is disclosed to, and approved by, affected clients, as required by Rule 206(4)-3. SK will not charge a client any additional amount or a higher advisory fee due to such an arrangement.

## Item 15: Custody

SK does not custody client funds or securities.



### Item 16: Investment Discretion

SK has discretionary authority to manage some accounts on behalf of clients. Clients sign a discretionary management agreement, which authorizes SK to determine the composition of the client's portfolio, subject to any limitations the client imposes. In addition, the client and SK work together to create a discretionary Investment Policy Statement, and the investment advisory consultant implements the agreed-upon investment plan. Investment research, monitoring, performance reporting and review of account processes are the same as for nondiscretionary relationships, however, meetings will generally be less frequent than quarterly for discretionary clients; please see Items 4, 8 and 13.

For defined contribution plans, SK may accept investment discretion over some or all of the Plan-level investment decisions and may also assume responsibility as the "named fiduciary" for some or all plan-level investment related matters. The named fiduciary level of discretion includes establishing an Investment Policy Statement, selecting the designated investment alternatives ("DIAs") that will be offered to participants for investment, monitoring of the DIAs and, as necessary, removing, replacing, or adding any DIAs.

### Item 17: Voting Client Securities

As a matter of firm policy and practice, SK has no authority to vote proxies on behalf of advisory clients. The firm may offer assistance on proxy matters upon client request. The client retains proxy voting responsibilities and will receive their proxies or other solicitations directly from their other service providers, such as custodians, transfer agents, etc.

### Item 18: Financial Information

SK does not require or solicit prepayment of client fees six months or more in advance of service. SK believes that it has the financial resources to perform its contractual obligations to its clients and is aware of no obligation or condition that would impair its ability to do so. SK has not been the subject of a bankruptcy petition.

### Confidentiality Disclosure / Privacy Policy

Shepherd Kaplan LLC holds both our firm and our employees to high standards of trust and fiduciary duty in the safekeeping and use of our clients' personal and financial data. To that end, we remain committed to maintaining the confidentiality of information we collect regarding our relationship with our clients (including current, former, and potential clients), and adhere to the following privacy policies and practices with respect to all client relationships:

1. We do not give or sell any non-public, personal information to any individual, company or group.
2. We may receive non-public personal information, such as personally identifying data and financial information, about our clients from such clients, and/or from financial and information service and consumer reporting firms when clients engage us or when we assist clients in opening investment accounts. We also exchange such information with custodians, investment managers, brokers, and other nonaffiliated financial service providers as required or permitted by law in the course of providing services for the client.



3. All nonpublic personal information regarding Shepherd Kaplan's clients is treated confidentially. Such information may only be disclosed when the disclosure is consistent with the firm's policy or the client's direction. Shepherd Kaplan does not share confidential client information with any third parties, except with the client's consent, or in the following circumstances:
  - As necessary to provide the services that the client has requested or authorized, or to maintain and service the client's account;
  - As required by regulatory authorities or law enforcement officials who have jurisdiction over Shepherd Kaplan LLC, or as otherwise required by any applicable law, including subpoena or other judicial or arbitral process; and
  - To the extent reasonably necessary to prevent fraud, unauthorized transactions, claims or other liability.
4. We restrict access to our clients' personal data and account information to only those Shepherd Kaplan employees who need to know that information to provide service to Shepherd Kaplan's clients.
5. We maintain physical, electronic, and procedural safeguards to protect our clients' non-public, personal information.
6. Employees with access to confidential client information may not use or disclose such information except for business use. All of our employees are required to safeguard such information as specified in their signed Proprietary Information Agreements with our firm.
7. When there is a need to dispose of dated non-public personal information, we require our employees to destroy, not discard, the data.
8. We continue to evaluate our efforts to protect personal information and make every reasonable effort to keep our privacy policy and practices accurate and current.