

FORM ADV**Uniform Application for Investment Adviser Registration****Part II – Page 1**

OMB APPROVAL	
OMB Number:	3235-0049
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Name of Investment Adviser:		Shearer and Gray Investment Management, LLC				
Address:	(Number and Street)	(City)	(State)	(Zip Code)	Area Code:	Telephone Number:
	Suite 525, Two Logan Square	Philadelphia	Pennsylvania	19103	(610)	724-3185

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 government authority.

Table of Contents

<u>Item Number</u>	<u>Item</u>	<u>Page</u>
1	Advisory Services and Fees.....	2
2	Types of Clients.....	2
3	Types of Investments.....	3
4	Methods of Analysis, Sources of Information and Investment Strategies.....	3
5	Education and Business Standards.....	4
6	Education and Business Background.....	4
7	Other Business Activities.....	4
8	Other Financial Industry Activities or Affiliations.....	4
9	Participation or Interest in Client Transactions.....	5
10	Conditions for Managing Accounts.....	5
11	Review of Accounts.....	5
12	Investment or Brokerage Discretion.....	6
13	Additional Compensation.....	6
14	Balance Sheet.....	6
	Continuation Sheet.....	Schedule F
	Balance Sheet, if required.....	Schedule G

(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.

Applicant:

Shearer and Gray Investment Management LLC

SEC File Number:

801-

Date:

08/03/2009

- 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..... | 75 (est) | % |
| <input checked="" type="checkbox"/> | (2) Manages investment advisory accounts not involving investment supervisory services..... | 20 (est) | % |
| <input checked="" type="checkbox"/> | (3) Furnishes investment advice through consultations not included in either service described above | 5 (est) | % |
| <input type="checkbox"/> | (4) Issues periodicals about securities by subscription..... | | % |
| <input type="checkbox"/> | (5) Issues special reports about securities not included in any service described above..... | | % |
| <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..... | | % |
| <input type="checkbox"/> | (7) On more than an occasional basis, furnishes advice to clients on matters not involving securities.. | | % |
| <input type="checkbox"/> | (8) Provides a timing service..... | | % |
| <input type="checkbox"/> | (9) Furnishes advice about securities in any manner not described above..... | | % |

(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 type="checkbox"/> (5) Commissions |
| <input checked="" type="checkbox"/> (3) Fixed fees (not including subscription fees) | <input checked="" 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 and investment advisory contract before its expiration date

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

- | | |
|--|---|
| <input checked="" type="checkbox"/> A. Individuals | <input checked="" type="checkbox"/> E. Trusts, estates, or charitable organizations |
| <input type="checkbox"/> B. Banks and thrift institutions | <input 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).

3. Types of Investments. Applicant offers advice on the following: (Check those that apply)

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

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

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

- | | |
|---|--|
| (1) <input checked="" 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 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 Securities and Exchange Commission |
| (3) <input checked="" type="checkbox"/> Research materials prepared by others | (7) <input type="checkbox"/> Company press releases |
| (4) <input 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
(securities held at least a year) | (5) <input checked="" type="checkbox"/> Margin transactions |
| (2) <input checked="" type="checkbox"/> Short Term Purchases
(securities sold within a year) | (6) <input checked="" type="checkbox"/> Option writing, including covered options,
uncovered options or spreading strategies |
| (3) <input checked="" type="checkbox"/> Trading (securities sold within 30 days) | (7) <input type="checkbox"/> Other (explain on Schedule F) |
| (4) <input checked="" type="checkbox"/> Short Sales | |

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

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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
- year of birth
- formal education after high school
- 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).

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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 the 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.

Investment Advisory Services: The securities in every client's account will be under continuous review. Client accounts will typically be reviewed quarterly. Accounts will be reviewed by the President. Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations.

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

Investment Advisory Services: Each client will receive a quarterly report from the Custodian detailing the clients account performance.

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

Applicant:

Shearer and Gray Investment Management LLC

SEC File Number:

801-

Date:

08/03/2009

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
<input checked="" type="checkbox"/> | No
<input type="checkbox"/> |
| (2) amount of the securities to be bought or sold?..... | Yes
<input checked="" type="checkbox"/> | No
<input type="checkbox"/> |
| (3) broker or dealer to be used?..... | Yes
<input checked="" type="checkbox"/> | No
<input type="checkbox"/> |
| (4) commission rates paid?..... | Yes
<input checked="" type="checkbox"/> | No
<input type="checkbox"/> |

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

Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
--	--------------------------------

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 products the applicant used during the last fiscal year to direct client transactions to a particular broker in return for any product 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
<input type="checkbox"/> | No
<input checked="" type="checkbox"/> |
| B. directly or indirectly compensates any person for client referrals?..... | Yes
<input type="checkbox"/> | No
<input checked="" type="checkbox"/> |

(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 <input type="checkbox"/>	No <input checked="" type="checkbox"/>
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Answer all items. 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

Applicant:	SEC File Number:	Date:
Shearer and Gray Investment Management LLC	801-	08/03/2009

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part 1 of Form ADV:		IRS Empl. Ident. No.:								
Shearer and Gray Investment Management LLC		26-3050511								
Item of Form (identify)	Answer									
Part II, 1 D	<p>Shearer and Gray Investment Management LLC (hereinafter "SGIM") offers the following services to advisory clients:</p> <p>INVESTMENT SUPERVISORY SERVICES</p> <p>SGIM will offer ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. Investment Supervisory Services include, but are not limited to, the following: Investment strategy; Personal investment policy; Asset allocation; Asset selection; and Regular and/or continuous portfolio monitoring.</p> <p>SGIM will evaluate the current investments of each client with respect to their risk tolerance levels and time horizon. SGIM will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels will be documented in the Investment Policy Statement, which will be given to each client. Fees for these services will be based on a percentage of Assets Under Management as follows:</p> <table border="0"> <thead> <tr> <th>ASSETS UNDER MANAGEMENT</th> <th>ANNUAL FEE</th> </tr> </thead> <tbody> <tr> <td>\$1 - \$1,000,000</td> <td>3.00%</td> </tr> <tr> <td>\$1,000,000 - \$5,000,000</td> <td>2.50%</td> </tr> <tr> <td>\$5,000,000 - \$100,000,000</td> <td>2.00%</td> </tr> </tbody> </table> <p>These fees are negotiable and the final fee schedule will be attached as Exhibit II of the Investment Advisory Contract. Fees are paid quarterly in advance, and clients may terminate their account with thirty days written notice. Refunds will be given on a prorated basis, based on the number of days remaining in a quarter at the point of termination. Clients may terminate their accounts without penalty, for full refund, within 5 business days of signing the advisory contract. SGIM will withdraw advisory fees directly from the client's accounts with a qualified custodian only with written authorization from the client. SGIM will send the qualified custodian written notice of the amount of the fee to be deducted from the client's account. SGIM send the client a written invoice itemizing the fee, including any formulas used to calculate the fee, the time period covered by the fee, and the amount of assets under management on which the fee was based. There is no account minimum.</p>		ASSETS UNDER MANAGEMENT	ANNUAL FEE	\$1 - \$1,000,000	3.00%	\$1,000,000 - \$5,000,000	2.50%	\$5,000,000 - \$100,000,000	2.00%
ASSETS UNDER MANAGEMENT	ANNUAL FEE									
\$1 - \$1,000,000	3.00%									
\$1,000,000 - \$5,000,000	2.50%									
\$5,000,000 - \$100,000,000	2.00%									

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

Applicant:	SEC File Number:	Date:
Shearer and Gray Investment Management LLC	801-	08/03/2009

1. Full name of applicant exactly as stated in Item 1A of Part 1 of Form ADV:		IRS Empl. Ident. No.:
Shearer and Gray Investment Management LLC		26-3050511
Item of Form (identify)	Answer	
Part II, 1 D (cont.)	INVESTMENT SUPERVISORY SERVICES (cont.) <p>SGIM will charge a "Performance Fee" for assets managed as special situation investments ("Special Situation Account"). Special situation investments shall include investments that involve initial public offerings, private equity placements, mutual bank conversions, or any other investments that require specific access, information, or research. The Performance Fee equals 16% of the amount by which the ending value of the Special Situation Account exceeds the beginning value of the Special Situation Account for each calendar year adjusted for any additions or withdrawals of funds by the Client. For the purpose of calculating the Performance Fee, the beginning value of the Special Situation Account shall be the Special Situation Account value as of the beginning of the calendar year (e.g., January 1) or the date thereafter on which the Special Situation Account was established. The ending value of the Special Situation Account shall be the Special Situation Account value as of the end of the calendar year (e.g., December 31) or the date prior on which the Special Situation Account was terminated. No Performance Fee will be charged in any year that the Special Situation Account's value for the period covered does not exceed that of the Special Situation Accounts starting value for the period covered adjusted for funds withdrawn or added to the Special Situation Account including the payment of any fees or commissions. Once a Performance Fee has been paid to us for any period, SGIM shall retain such Performance Fee notwithstanding subsequent losses in the Special Situation Account.</p> <p>Rule 205-3 of the Investment Advisers Act of 1940, as amended (the "Advisers Act") permits an investment adviser to enter into a performance fee agreement with certain clients who have the capacity to bear the potential additional risks of such a fee arrangement (referred to as "Qualified Clients"). Qualified Clients are natural persons and entities that have either at least \$750,000 under management with us immediately after entering into this Agreement or a net worth at the time of this Agreement in excess of \$1.5 million (a natural person's net worth may include assets held jointly with a spouse). You specifically acknowledge and understand that the Performance Fee may be an incentive for use to make investments that are riskier or more speculative than would be the case absent the Performance Fee.</p> <p>In addition, assets managed in a Special Situation Account shall pay, in advance, an asset management fee ("Base Fee") of 0.4% of the value of assets under management at the start of each fiscal quarter. Base Fees will be paid at the beginning of each quarter (e.g., January 1, April 1, July 1, and October 1) or the date at which the Special Situation Account is established. There will be no refund of asset management fees if the management agreement is terminated and/or the account is closed prior to quarter end.</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

Applicant:	SEC File Number:	Date:
Shearer and Gray Investment Management LLC	801-	08/03/2009

1. Full name of applicant exactly as stated in Item 1A of Part 1 of Form ADV:		IRS Empl. Ident. No.:
Shearer and Gray Investment Management LLC		26-3050511
Item of Form (identify)	Answer	
Part II, 1 D (cont.)	INVESTMENT SUPERVISORY SERVICES (cont.) <p>Assets managed in core account strategies ("Core Account") shall pay, in advance, only a Base Fee dependent upon the value of assets under management at the start of each fiscal quarter in accordance with the schedule attached hereto as Exhibit B. Core account strategies are defined as including but not limited to fixed income, open market stock, arbitrage, and risk arbitrage strategies. The classification of an investment as a core or special situation investment, and the inclusion of an investment in the Core Account or Special Situation Account are purely at our discretion. Base Fees will be paid at the beginning of each quarter (e.g., January 1, April 1, July 1, and October 1) or the date at which the Core Account is established. There will be no refund of asset management fees if the management agreement is terminated and/or the account is closed prior to quarter end.</p> <p>REBALANCING</p> <p>The percentage weighting assigned to each asset class within Client portfolios can and will vary. The percentage weighting for each asset class will be allowed to vary within reasonable ranges depending upon market conditions. If rebalancing is required, investment yield and net cash flows will be used to meet the strategic asset allocation targets. If cash flow is insufficient to meet the target allocation for any asset class, SGIM will review the situation in consultation with the client and decide whether to effect transactions in order to rebalance the asset allocation.</p> <p>INVESTMENT ADVICE NOT INVOLVING SUPERVISION</p> <p>Financial plans and financial planning may include, but are not limited to: life insurance; tax concerns; retirement planning; investment planning; college planning; and debt/credit planning. These services will be based on fixed fees or hourly fees and the final fee structure will be documented in Exhibit II of the Financial Planning Agreement.</p> <p>FIXED FEES</p> <p>Depending upon the complexity of the situation and the needs of the client, the rate for creating client financial plans is between \$300 and \$10,000. Fees are paid in advance, but never more than six months in advance. Fees that are charged in advance may be refunded based on the prorated amount of work completed at the point of termination. The fees are negotiable and the final fee schedule will be attached as Exhibit II of the Financial Planning Agreement. Clients may terminate their accounts without penalty, for full refund, within 5 business days of signing the advisory contract.</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

Applicant:	SEC File Number:	Date:
Shearer and Gray Investment Management LLC	801-	08/03/2009

1. Full name of applicant exactly as stated in Item 1A of Part 1 of Form ADV:		IRS Empl. Ident. No.:												
Shearer and Gray Investment Management LLC		26-3050511												
Item of Form (identify)	Answer													
Part II, 1 D (cont.)	INVESTMENT ADVICE NOT INVOLVING SUPERVISION HOURLY FEES Depending upon the complexity of the situation and the needs of the client, the hourly fee for these services is \$300. The fees are negotiable and the final fee schedule will be attached as Exhibit II of the Financial Planning Agreement. Fees are paid in arrears upon completion. Because fees are charged in arrears, no refund is necessary. Clients may terminate their accounts without penalty, for full refund, within 5 business days of signing the advisory contract. Free Monthly Newsletter SGIM offers, free of charge to all of its clients, a monthly newsletter, <i>The Shearer & Gray Newsletter</i> that will provide only general information about the RIA and general investment information.													
Part II, 6	EDUCATION AND BUSINESS BACKGROUND Name: Michael K. Gray Born: 1969 Education Background: Bucknell University 1992 BSBS, Accounting St. Joseph's University 1996 MBA, Finance Business Background: <table border="0"> <tr> <td>2008 – Present</td> <td>President</td> <td>Shearer and Gray Investment Management, LLC</td> </tr> <tr> <td>1995 – 2009</td> <td>President</td> <td>Society Hill Capital</td> </tr> </table> Name: Charles E. Shearer Born: 1966 Education Background: B.S. Economics Wharton School 1989, University of Pennsylvania MBA University of Texas at Austin 1993 Business Background: <table border="0"> <tr> <td>2009 – Present</td> <td>Owner</td> <td>Shearer and Gray Investment Management, LLC</td> </tr> <tr> <td>2000 – Present</td> <td>Portfolio Manager</td> <td>Society Hill Capital</td> </tr> </table>		2008 – Present	President	Shearer and Gray Investment Management, LLC	1995 – 2009	President	Society Hill Capital	2009 – Present	Owner	Shearer and Gray Investment Management, LLC	2000 – Present	Portfolio Manager	Society Hill Capital
2008 – Present	President	Shearer and Gray Investment Management, LLC												
1995 – 2009	President	Society Hill Capital												
2009 – Present	Owner	Shearer and Gray Investment Management, LLC												
2000 – Present	Portfolio Manager	Society Hill Capital												

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

Applicant:	SEC File Number:	Date:
Shearer and Gray Investment Management LLC	801-	08/03/2009

1. Full name of applicant exactly as stated in Item 1A of Part 1 of Form ADV:		IRS Empl. Ident. No.:
Shearer and Gray Investment Management LLC		26-3050511
Item of Form (identify)	Answer	
Part II, 9	<p>CODE OF ETHICS</p> <p>SGIM has a written Code of Ethics that covers the following areas:</p> <p>Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions.</p> <p>ALL PROSPECTIVE AND CURRENT CLIENTS HAVE A RIGHT TO SEE OUR CODE OF ETHICS. FOR A COPY, PLEASE ASK YOUR FINANCIAL ADVISOR AT ANY TIME.</p>	
Part II, 9 E	<p>PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS</p> <p>From time to time, representatives of SGIM may buy or sell securities for themselves that they also recommend to clients. SGIM will always document any transactions that could be construed as conflicts of interest and will always transact client business before their own when similar securities are being bought or sold.</p>	
Part II, 12 A (1-4) & B	<p>INVESTMENT OR BROKERAGE DISCRETION</p> <p>For those client accounts where SGIM provides ongoing money management or investment advice with ongoing supervision, SGIM will maintain limited power of attorney over client accounts with respect to securities to be bought and sold and amount of securities to be bought and sold. All buying and selling of securities will be explained to clients in detail before an advisory relationship has commenced. The Custodian was suggested based on their relatively low transaction fees. SGIM will never charge a premium or commission on transactions, beyond the actual cost imposed by Custodian. Every attempt will be made to get group discounts on transactions when possible.</p>	

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

Form ADV (Paper Version)

UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

STATE-REGISTERED INVESTMENT ADVISER EXECUTION PAGE

You must complete the following Execution Page to Form ADV. This execution page must be signed and attached to your initial application for state registration and all amendments to registration.

1. Appointment of Agent for Service of Process

By signing this Form ADV Execution Page, you, the undersigned adviser, irrevocably appoint the legally designated officers and their successors, of the state in which you maintain your *principal office and place of business* and any other state in which you are applying for registration or amending your registration, as your agents to receive service, and agree that such *persons* may accept service on your behalf, of any notice, subpoena, summons, *order* instituting *proceedings*, demand for arbitration, or other process or papers, and you further agree that such service may be made by registered or certified mail, in any federal or state action, administrative *proceeding* or arbitration brought against you in any place subject to the jurisdiction of the United States, if the action, *proceeding* or arbitration (a) arises out of any activity in connection with your investment advisory business that is subject to the jurisdiction of the United States, and (b) is *founded*, directly or indirectly, upon the provisions of: (i) the Securities Act of 1933, the Securities Exchange Act of 1934, the Trust Indenture Act of 1939, the Investment Company Act of 1940, or the Investment Advisers Act of 1940, or any rule or regulation under any of these acts, or (ii) the laws of the state in which you maintain your *principal office and place of business* or of any state in which you are applying for registration, or amending your registration.

2. State-Registered Investment Adviser Affidavit

If you are subject to state regulation, by signing this Form ADV, you represent that, you are in compliance with the registration requirements of the state in which you maintain your *principal place of business* and are in compliance with the bonding, capital, and recordkeeping requirements of that state.

Signature

I, the undersigned, sign this Form ADV on behalf of, and with the authority of, the investment adviser. The investment adviser and I both certify, under penalty of perjury under the laws of the United States of America, that the information and statements made in this ADV, including exhibits and any other information submitted, are true and correct, and that I am signing this Form ADV Execution Page as a free and voluntary act. I certify that the adviser's books and records will be preserved and available for inspection as required by law. Finally, I authorize any *person* having custody or possession of these books and records to make them available to federal and state regulatory representatives.

Signature: _____ Date: _____
Printed Name: Michael K. Gray Title: President
Adviser CRD Number: 148610