

Shepherd Financial Partners, LLC

**ADV Part 2A, Appendix 1  
Wrap Fee Program Brochure**

**Dated: March 2021**

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**This brochure provides information about the qualifications and business practices of Shepherd Financial Partners, LLC (the “Firm”). If you have any questions about the contents of this brochure, please contact R. Mark Shepherd, Chief Executive Officer and Chief Compliance Officer at (781) 756-1804. 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 our Firm is also available on the SEC’s website at <http://adviserinfo.sec.gov/Firm/169093>. 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.

## **Item 2: Material Changes**

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### **Annual Update**

In this Item of Shepherd Financial Partners, LLC's (or the Firm) Form ADV 2A Appendix 1 (Wrap Fee Program Brochure), the Firm is required to discuss any material changes that have been made to the Wrap Fee Program Brochure since the last Annual Amendment, dated March 30, 2020.

### **Material Changes since the Last Update**

Since the last Annual Amendment filing, the Firm has no material changes to report.

### **Full Brochure Available**

Shepherd Financial Partners' Wrap Fee Program Brochure may be requested at any time, without charge by contacting R. Mark Shepherd, Chief Executive Officer and Compliance Officer at (781) 756-1804.

### Item 3: Table of Contents

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|   |    |
|---|----|
| Item 1: Cover Page.....   | 1  |
| Item 2: Material Changes .....                                  | 2  |
| Item 3: Table of Contents .....                                 | 3  |
| Item 4: Services, Fees and Compensation .....                   | 4  |
| Item 5: Account Requirements and Types of Clients .....         | 6  |
| Item 6: Portfolio Manager Selection and Evaluation.....         | 7  |
| Item 7: Client Information Provided to Portfolio Managers ..... | 16 |
| Item 8: Client Contact with Portfolio Managers .....            | 17 |
| Item 9: Additional Information .....                            | 18 |

## Item 4: Services, Fees and Compensation

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### **INVESTMENT MANAGEMENT SERVICES**

Shepherd Financial Partners generally provides discretionary and/or non-discretionary investment advisory services on a wrap or non-wrap fee basis (See discussion below). If a client determines to engage the Firm on a wrap fee basis the client will pay a single fee for bundled services (i.e., investment advisory, brokerage, custody). The services included in a wrap fee agreement will depend upon each client's particular need. If the client determines to engage the Firm on a non-wrap fee basis the client will select individual services on an unbundled basis, paying for each service separately (i.e., investment advisory, brokerage, custody).

### **SHEPHERD FINANCIAL PARTNERS WRAP PROGRAM**

Shepherd Financial Partners provides investment management services on a wrap fee basis in accordance with the Firm's investment management wrap fee program (the "Program"). Under the Program, the Firm is able to offer participants discretionary investment management services, for a single specified annual Program fee, inclusive of trade execution, custody, reporting, account maintenance, investment management fees, and fees charged by independent managers. However, clients may be responsible for, but not limited to, trustee fees, mutual fund expenses, ETF expenses, mark-ups, mark-downs, transfer taxes, odd lot differentials, exchange fees, interest charges, American Depository Receipt agency processing fees, and any charges, taxes or other fees mandated by any federal, state or other applicable law or otherwise agreed to with regard to client accounts. Such fees are in addition to any fees paid by the client to the Firm and are between the client and the account custodian.

The current annual Program fee shall vary (up to 1.50% of the total assets placed under the Firm's management/advisement) and shall be based upon various objective and subjective factors, including, but not limited to, the amount of the assets placed under the Firm's management, the level and scope of financial planning and consulting services to be rendered, and the complexity of the engagement.

Under the Program, if engaged on a discretionary basis, the Firm shall have written authority to determine the type and amount of securities that are bought or sold. Clients who engage the Firm on a discretionary basis may, at any time, impose restrictions, in writing, on the Firm's discretionary authority (i.e., limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe the Firm's use of margin, etc.).

LPL Financial ("LPL") shall serve as the custodian for Program accounts.

**Fee Calculation:** The fee charged is calculated as described above and is not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client.

**Fee Payment:** Clients will be charged in advance, at the beginning of each calendar quarter based upon the market value of the assets on the last business day of the previous quarter. Clients may elect to have the Firm's advisory fees deducted from their custodial account.

**Investment Performance:** As a condition to participating in the Program, the participant must accept that past performance may not be indicative of future results, and understand that the future performance of any specific investment or investment strategy (including the investments and/or investment strategies purchased and/or undertaken by the Firm) may not: (1) achieve their intended objective; (2) be profitable; or, (3) equal historical performance level(s) or any other performance level(s).

Participation in the Program may cost more or less than purchasing such services separately. Also, the Program fee charged by the Firm for participation in the Program may be higher or lower than those charged by other sponsors of comparable wrap fee programs.

Depending upon the percentage wrap-fee charged by the Firm, the amount of portfolio activity in the client's account, and the value of custodial and other services provided, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately and/or if the Firm were to negotiate transaction fees and seek best price and execution of transactions for the client's account.

**Conflict of Interest.** Because Program transaction fees and/or commissions are being paid by the Firm to the account custodian/broker-dealer, the Firm could have an economic incentive to minimize the number of trades in the client's account. **Shepherd Financial Partners' Chief Executive Officer and Chief Compliance Officer, R. Mark Shepherd, remains available to address any questions that a client or prospective client may have regarding the corresponding conflict of interest a wrap fee arrangement may create.**

The Program's wrap fee does not include certain charges and administrative fees, including, but not limited to, trustee fees, mutual fund expenses, ETF expenses, mark-ups, mark-downs, transfer taxes, odd lot differentials, exchange fees, interest charges, American Depository Receipt agency processing fees, and any charges, taxes or other fees mandated by any federal, state or other applicable law or otherwise agreed to with regard to client accounts. Such fees and expenses are in addition to the Program's wrap fee.

The Firm's related persons who recommend the Program to clients do not receive additional compensation as a result of a client's participation in the wrap fee program.

## **Item 5: Account Requirements and Types of Clients**

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Shepherd Financial Partners' clients shall generally include individuals, business entities, pension and profit-sharing plans, trusts, estates, and charitable organizations, and pension and profit-sharing plans. The Firm, in its sole discretion, may charge a lesser investment management fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

## **Item 6: Portfolio Manager Selection and Evaluation**

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Shepherd Financial Partners may allocate a portion of a client's Program assets among unaffiliated independent investment managers in accordance with the client's designated investment objective(s). In such situations, the independent manager(s) shall have day-to-day responsibility for the active discretionary management of the allocated Program assets. The Firm shall continue to render investment supervisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. Factors which the Firm shall consider in recommending independent manager(s) or separately managed accounts include the client's designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research.

The Firm acts as the portfolio manager for the Program. Inasmuch as the execution costs for transactions effected in the client account will be paid by the Firm, a potential conflict of interest arises in that the Firm may have a disincentive to trade securities in the client account. In addition, the amount of compensation received by the Firm as a result of the client's participation in the Program may be more than what the Firm would receive if the client paid separately for investment advice, brokerage and other services.

When managing a client's account on a wrap fee basis, the Firm shall receive as payment for its investment advisory services, the balance of the wrap fee after all other costs (including account transaction fees) incorporated into the wrap fee have been deducted. Accordingly, the Firm has a conflict of interest because it could have an economic incentive to maximize its compensation by seeking to minimize the number of transactions/total costs in the client's account.

As discussed below, the Firm also offers to its clients, discretionary and/or non-discretionary investment management services, on a non-wrap fee basis, as well as Financial Planning and Consulting on a stand-alone basis and Retirement Consulting services.

### **OTHER ADVISORY BUSINESS SERVICES**

#### **INVESTMENT MANAGEMENT ON A NON-WRAP FEE BASIS**

Shepherd Financial Partners may provide discretionary and/or non-discretionary investment advisory services on a non-wrap fee basis. The Firm's annual investment advisory fee shall vary (typically up to 1.35% of the total assets placed under the Firm's management/advisement) and shall be based upon various objective and subjective factors, including, but not limited to, the amount of the assets placed under the Firm's management, the level and scope of financial planning and consulting services to be rendered, and the complexity of the engagement. See Fee Differential disclosure below.

Firm's annual investment management fee shall include investment advisory services, and, to

the extent specifically requested by the client, financial planning and consulting services. In the event that the client requires extraordinary planning and/or consultation services (to be determined in the sole discretion of the Firm), the Firm may determine to charge for such additional services, the dollar amount of which shall be set forth in a separate written notice to the client.

#### **FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)**

The client can engage Shepherd Financial Partners to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone separate fee basis. Firm's planning and consulting fees are negotiable, but generally range from \$2,000 to \$250,000 on a fixed fee basis, and from \$75 to \$500 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s). Prior to engaging the Firm to provide planning or consulting services, clients are generally required to enter into a Financial Planning and Consulting Agreement with the Firm setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Firm commencing services. If requested by the client, Firm may recommend the services of other professionals for implementation purposes, including certain of the Firm's representatives in their individual capacities as registered representatives of LPL Financial (LPL) and/or in their capacities as licensed insurance agents. (See disclosure in Item 9 below). The client is under no obligation to engage the services of any such recommended professionals.

The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Firm. If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. It remains the client's responsibility to promptly notify the Firm if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising the Firm's previous recommendations and/or services.

#### **RETIREMENT CONSULTING**

Shepherd Financial Partners also provides non-discretionary pension consulting services, pursuant to which it assists sponsors of self-directed retirement plans with the selection and/or monitoring of investment alternatives (generally open-end mutual funds) from which plan participants shall choose in self-directing the investments for their individual plan retirement accounts. In addition, to the extent requested by the plan sponsor, the Firm shall also provide participant education designed to assist participants in identifying the appropriate investment strategy for their retirement plan accounts. The terms and conditions of the engagement shall generally be set forth in a Retirement Plan Consulting Agreement between the Firm and the plan sponsor.

#### **MISCELLANEOUS ADVISORY SERVICES DISCLOSURE**

**Limitations of Financial Planning and Non-Investment Consulting/Implementation Services.**



As indicated above, to the extent requested by the client, Shepherd Financial Partners may provide financial planning and related consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. The Firm does not serve as a law firm or accounting firm, and no portion of its services should be construed as legal or accounting services. Accordingly, the Firm does not prepare estate planning documents or tax returns. To the extent requested by a client, the Firm may recommend the services of other professionals for certain non-investment implementation purposes (i.e., attorneys, accountants, insurance agents, etc.), including representatives of the Firm in their separate individual capacities as representatives of LPL and as licensed insurance agents. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Firm and/or its representatives.

If the client engages any recommended unaffiliated professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. At all times, the engaged licensed professional(s) (i.e., attorney, accountant, insurance agent, etc.), and not Shepherd Financial Partners, shall be responsible for the quality and competency of the services provided.

The recommendation by the Firm's representative that a client purchase a securities or insurance commission product through the Firm's representative in their separate and individual capacity as a registered representative of LPL and/or as an insurance agent, presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend investment or insurance products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any securities or insurance commission products through such a representative. Clients are reminded that they may purchase securities and insurance products recommended by the Firm through other, non-affiliated broker-dealers and/or insurance agents. **Shepherd Financial Partners' Chief Executive Officer and Chief Compliance Officer, R. Mark Shepherd, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

**Fee Differentials.** As discussed above, the Firm shall price its services based upon various objective and subjective factors. As a result, the Firm's clients could pay diverse fees based upon the market value of their assets, the complexity of the engagement, and the level and scope of the overall financial planning and/or consulting services to be rendered. The services to be provided by the Firm to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly.

**Non-Discretionary Service Limitations.** Clients that determine to engage the Firm on a non-discretionary investment advisory basis must be willing to accept that the Firm cannot effect any account transactions without obtaining prior consent to any such transaction(s) from the client. Thus, in the event of a market correction during which the client is unavailable, the Firm will be unable to effect any account transactions (as it would for its discretionary clients) without first obtaining the client's consent.

**Retirement Plan Rollovers – No Obligation / Potential for Conflict of Interest:** A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer’s plan, if permitted, (ii) roll over the assets to the new employer’s plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account (“IRA”), or (iv) cash out the account value (which could, depending upon the client’s age, result in adverse tax consequences). If the Firm recommends that a client roll over their retirement plan assets into an account to be managed by the Firm, such a recommendation creates a conflict of interest if the Firm will earn an advisory fee on the rolled over assets. No client is under any obligation to roll over retirement plan assets to an account managed by Firm. Shepherd Financial Partners’ Chief Executive Officer and Chief Compliance Officer, R. Mark Shepherd, remains available to address **any questions that a client or prospective client may have regarding the potential for conflict of interest presented by such rollover recommendation.**

**Use of Mutual Funds.** Most mutual funds are available directly to the public. Thus, a client or prospective client can obtain many of the mutual funds that may be recommended and/or utilized by the Firm independent of engaging the Firm as an investment advisor. However, if a client or prospective client determines to do so, they will not receive the benefit of the Firm’s initial and ongoing investment advisory services.

**Private Investment Funds.** The Firm may provide investment advice regarding unaffiliated private investment funds. The Firm’s role relative to the private investment funds shall be limited to its initial and ongoing due diligence and investment monitoring services. If a client determines to become a private fund investor, the amount of assets invested in the fund(s) shall be included as part of “assets under management” for purposes of the Firm calculating its investment advisory fee. **The Firm’s clients are under absolutely no obligation to consider or make an investment in a private investment fund(s).**

Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund’s offering documents, which will be provided to each client for review and consideration. Unlike liquid investments that a client may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund and acknowledges and accepts the various risk factors that are associated with such an investment.

**Valuation:** In the event that the Firm references private investment funds owned by the client on any supplemental account reports prepared by the Firm, the value(s) for all private investment funds owned by the client shall reflect the most recent valuation provided by the fund sponsor. If the fund sponsor does not provide a post-purchase valuation, then the valuation shall reflect the initial purchase price (and/or a value as of a previous date) or the

current value(s) (either the initial purchase price and/or the most recent valuation provided by the fund sponsor). If the valuation reflects the initial purchase price (and/or a value as of a previous date), then the current value(s) (to the extent ascertainable) could be significantly more or less than the value referenced on any supplemental document provided by the Firm. However, the client's advisory fee shall be based upon such reflected fund value(s).

**Independent Managers.** The Firm may allocate (and/or recommend that the client allocate) a portion of a client's investment assets among unaffiliated independent investment managers in accordance with the client's designated investment objective(s). In such situations, the Independent Manager[s] shall have day-to-day responsibility for the active discretionary management of the allocated assets. The Firm shall continue to render investment advisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. Factors which the Firm shall consider in recommending Independent Manager[s] include the client's designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fee charged by the Independent Manager(s) is separate from, and in addition to, the Firm's advisory fee as set forth in Item 5.

**Inverse/Enhanced Market Strategies.** The Firm may utilize long and short mutual funds and/or exchange traded funds that are designed to perform in either an: (1) inverse relationship to certain market indices (at a rate of 1 or more times the inverse [opposite] result of the corresponding index) as an investment strategy and/or for the purpose of hedging against downside market risk; and (2) enhanced relationship to certain market indices (at a rate of 1 or more times the actual result of the corresponding index) as an investment strategy and/or for the purpose of increasing gains in an advancing market. There can be no assurance that any such strategy will prove profitable or successful. In light of these enhanced risks/rewards, a client may direct the Firm, in writing, not to employ any or all such strategies for their accounts.

**Interval Funds.** When consistent with a client's investment objectives, Shepherd Financial Partners may allocate investment assets to "interval funds." Investment companies structured as "interval funds" are generally designed for long-term investors that do not require daily liquidity. Shares in interval funds typically do not trade on the secondary market. Instead, their shares are subject to periodic redemption offers by the fund at a price based on net asset value. Accordingly, interval funds are subject to liquidity constraints. Interval funds investing in securities of companies with smaller market capitalizations, derivatives, or securities with substantial market and/or credit risk tend to have the greatest exposure to liquidity risk. Generally, the interval funds recommended by Shepherd Financial Partners offer a two-to-three-week period, on a quarterly basis, during which the client may seek the redemption of previously purchased interval funds.

**Client Obligations.** In performing its services, the Firm shall not be required to verify any information received from the client or from the client's other professionals and is expressly authorized to rely thereon. Moreover, each client is advised that it remains their responsibility to promptly notify the Firm if there is ever any change in their financial situation or investment

objectives for the purpose of reviewing, evaluating or revising the Firm's previous recommendations and/or services.

**Disclosure Statement.** A copy of the Firm's written Brochure and Client Relationship Summary, as set forth on Part 2A of Form ADV and Form CRS respectively, shall be provided to each client prior to, or contemporaneously with, the execution of the Investment Advisory Agreement or Financial Planning and Consulting Agreement.

The Firm shall provide investment advisory services specific to needs of each client. Prior to providing investment advisory services, an investment adviser representative will discuss with each client, their particular investment objective(s). The Firm shall allocate each client's investment assets consistent with their designated investment objective(s). Clients may, at any time, impose restrictions, in writing, on the Firm's services.

There is no significant difference between how the Firm manages wrap fee accounts and non-wrap fee accounts. However, as stated above, if a client determines to engage the Firm on a wrap fee basis the client will pay a single fee for bundled services (i.e., asset management, brokerage, custody) (See Item 4.A). The services included in a wrap fee agreement will depend upon each client's particular need.

When managing a client's account on a wrap fee basis, the Firm shall receive as payment for its asset management services, the balance of the wrap fee after all other costs (including account transaction fees) incorporated into the wrap fee have been deducted.

**Conflict of Interest:** Because Program transaction fees and/or commissions are being paid by the Firm to the account custodian/broker-dealer, the Firm could have an economic incentive to maximize its compensation by seeking to minimize the number of trades in the client's account.

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

Neither Shepherd Financial Partners nor any supervised person of the Firm accepts performance-based fees.

#### **Methods of Analysis, Investment Strategies and Risk of Loss**

The Firm shall utilize the following methods of security analysis:

- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
- Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)
- Quantitative – (analysis performed on momentum indicators such as earnings revisions changes in macro-economic factors, etc.)

The Firm may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Options (contract for the purchase or sale of a security at a predetermined price during a specific period of time)

**Investment Risk.** Investing in securities involves the risk of loss that clients must be prepared to bear. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by the Firm) will be profitable or equal any specific performance level(s).

The Firm's methods of analysis and investment strategies do not present any significant or unusual risks.

However, every method of analysis has its own inherent risks. To perform an accurate market analysis the Firm must have access to current/new market information. The Firm has no control over the dissemination rate of market information; therefore, unbeknownst to the Firm, certain analyses may be compiled with outdated market information, severely limiting the value of the Firm's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

The Firm's primary investment strategies - Long Term Purchases and/or Short-Term Purchases - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer-term investment strategy.

In addition to the fundamental investment strategies discussed above, the Firm may also utilize certain options transactions.

**Covered Call Writing.** Covered call writing is the sale of in-, at-, or out-of- the money call option against a long security position held in a client portfolio. This type of transaction is used to generate income. It also serves to create downside protection in the event the security position declines in value. Income is received from the proceeds of the option sale. Such income may be reduced to the extent it is necessary to buy back the option position prior to its expiration. This strategy may involve a degree of trading velocity, transaction costs and significant losses if the underlying security has volatile price movement. Covered call strategies are generally suited for companies with little price volatility.

**Components of Investment Portfolios:** The Firm may utilize a diverse set of asset classes to

gain exposure. These are generally liquid investments, which are traded in the public markets, and include cash, bonds, stock, real estate funds, industry sector funds and commodity funds. Bond market participation is generally through bond market mutual funds but could also be through bond ETFs and individual bonds. Stock investment vehicles may include: ETFs, index mutual funds, actively managed mutual funds, and publicly traded individual stocks. Real estate vehicles include US and foreign REITs, and real estate mutual funds. Commodity vehicles may include: commodity mutual funds, commodity index funds, and exchange traded notes.

**Although Shepherd Financial Partners manages assets in a manner consistent with risk tolerances, there can be no guarantee that the Firm's efforts will be successful. In addition to the risks noted above, clients should also consider the following types of 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 next year will not buy as much as a dollar today, 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 (i.e., Non-traded REITs and other alternative investments) 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.
- **Cybersecurity Risk:** A breach in cyber security refers to both intentional and unintentional events that may cause an account to lose proprietary information, suffer

data corruption, or lose operational capacity. This in turn could cause an account to incur regulatory penalties, reputational damage, and additional compliance costs associated with corrective measures, and/or financial loss.

**Voting Client Securities**

Shepherd Financial Partners does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.

Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact the Firm to discuss any questions they may have with a particular solicitation.

## **Item 7: Client Information Provided to Portfolio Managers**

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Shepherd Financial Partners shall be the Program's portfolio manager. The Firm shall provide investment advisory services specific to needs of each client. Prior to providing investment advisory services, an investment adviser representative will discuss with each client, their particular investment objective(s). The Firm shall allocate each client's investment assets consistent with their designated investment objective(s). Clients may, at any time, impose restrictions, in writing, on the Firm's services.

As indicated above, each client is advised that it remains their responsibility to promptly notify the Firm if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising the Firm's previous recommendations and/or services.

To the extent the Program utilizes independent Manager(s), the Firm shall provide the independent manager(s) with each client's particular investment objective(s). Any changes in the client's financial situation or investment objectives reported by the client to the Firm shall be communicated to the independent manager(s) within a reasonable period of time.



## **Item 8: Client Contact with Portfolio Managers**

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The client shall have, without restriction, reasonable access to the Program's portfolio manager.

## Item 9: Additional Information

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Neither Shepherd Financial Partners nor any of its Management Persons have been the subject of a disciplinary action.

### **Other Financial Industry Activities and Affiliations (Form ADV Part 2A Item – 10)**

Neither Shepherd Financial Partners, nor its representatives, are registered or have an application pending to register, as a broker-dealer, futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.

**Registered Representatives of a Broker Dealer.** Certain of the Firm's representatives are Registered Representatives of *LPL*, a FINRA member broker-dealer. Clients can choose to engage the Firm's representatives, in their individual capacities, to effect securities brokerage transactions on a commission basis.

**Conflict of Interest:** The recommendation by the Firm's representatives, that a client purchase a securities commission product presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend investment products based on commissions received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from the Firm's representatives. Clients are reminded that they may purchase securities products recommended by the Firm through other, non-affiliated registered representatives. **Shepherd Financial Partner's, Chief Executive Officer and Chief Compliance Officer, R. Mark Shepherd, remains available to address any questions that a client or prospective client may have regarding the above conflicts of interest.**

**Licensed Insurance Agency.** A related person of Shepherd Financial Partners is the owner of a licensed insurance agency, Jarvis Insurance Brokerage Agency of Massachusetts, Inc. The individual is an independent agent offering various types of insurance coverage. Fees charged for insurance sales is separate and distinct from any investment advisory fees charged by Shepherd Financial. Shepherd Financial Partners has no affiliation with Jarvis Insurance Brokerage Agency of Massachusetts, Inc.

While this relationship may create a conflict of interest as the receipt of commissions may provide an incentive to recommend investment products based on commissions received, Shepherd Financial Partners has procedures in place to ensure that any insurance recommendations are in the best interest of clients regardless of any additional compensation earned.

Clients are not obligated to use Jarvis Insurance Brokerage Agency of Massachusetts, Inc. for insurance products, nor are they obligated to purchase insurance products through IARs with Shepherd Financial. Clients may work with any insurance agent they

choose.

**Licensed Insurance Agents.** Certain of the Firm's representatives are, in their separate individual capacities, licensed insurance agents. As discussed above, clients can choose to engage these representatives, in their individual capacities to affect the purchase of insurance products on a commission basis.

**Conflict of Interest:** The recommendation by the Firm that a client purchase an insurance commission product through one of its representatives in their individual capacities presents a conflict of interest. No client is under any obligation to engage the services of our representatives in their individual capacities as licensed insurance agents. Furthermore, clients are reminded that they may purchase insurance commission products recommended by the Firm through other, non-affiliated insurance agents. **Shepherd Financial Partners's Chief Executive Officer and Chief Compliance Officer, R. Mark Shepherd, remains available to address any questions that a client or prospective client may have regarding the above conflicts of interest.**

**Code of Ethics, Participation or Interest in Client Transactions and Personal Trading (Form ADV Part 2A Item – 11)**

Shepherd Financial's Supervised Persons must comply with a Code of Ethics (the Code) and Statement for Insider Trading. The Firm's Code serves to establish a standard of business conduct for all of Firm's Supervised Persons that is based upon fundamental principles of openness, integrity, honesty and trust.

The Code's key provisions include:

- Statement of General Principles
- Policy on and reporting of Personal Securities Transactions
- A prohibition on Insider Trading
- Restrictions on the acceptance of significant gifts
- Procedures to detect and deter misconduct and violations
- Requirement to maintain confidentiality of client information

The Firm's Supervised Persons must acknowledge the terms of the Code at least annually. Any individual not in compliance with the Code may be subject to termination.

Clients and prospective clients may obtain a copy of the Firm's Code upon request.

Neither the Firm nor any related person of Firm recommends, buys, or sells for client accounts, securities in which the Firm or any related person of the Firm has a material financial interest.

The Firm and/or Supervised Persons of the Firm *may* buy or sell securities that are also

recommended to clients. This practice may create a situation where the Firm and/or Supervised Persons of the Firm are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. Practices such as “scalping” (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if the Firm did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, “front-running” (i.e., personal trades executed prior to those of the Firm’s clients) and other potentially abusive practices.

The Firm has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Firm’s “Access Persons”. The Firm’s securities transaction policy requires that an Access Person of the Firm must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Each quarter, Access Persons shall provide a summary of their personal transactions to the Chief Compliance Officer or his/her designee. Each Access Person must also provide the Chief Compliance Officer or his/her designee with a written report of the Access Person’s current securities holdings at least once each twelve (12) month period thereafter on a date the Firm selects.

The Firm and/or Supervised Persons of the Firm *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where the Firm and/or Supervised Persons of the Firm are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. As indicated above, the Firm has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of the Firm’s Access Persons.

It is the Firm’s policy that it will not affect any principal or agency cross securities transactions for client accounts. The Firm will also not cross trades between client accounts.

#### **Review of Accounts (Form ADV Part 2A Item – 13)**

For those clients to whom Shepherd Financial Partners provides investment supervisory services, account reviews are conducted on a periodic basis by each client’s Investment Adviser Representative, at least annually. The Investment Committee regularly reviews the models. All investment supervisory clients are advised that it remains their responsibility to advise the Firm of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with the Firm on an annual basis.

The Firm may also conduct account reviews based upon the occurrence of a triggering

event, such as a change in client investment objectives and/or financial situation, market corrections and client request.

Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Firm may also provide a written periodic report summarizing account activity and performance.

**Client Referrals and Other Compensation (Form ADV Part 2A Item – 14)**

As referenced in Item 12 above, Shepherd Financial Partners may receive economic benefits from *LPL*. The Firm, without cost (and/or at a discount), may receive support services and/or products from *LPL*.

The Firm's clients do not pay more for investment transactions effected and/or assets maintained at *LPL* as a result of these arrangements. There is no corresponding commitment made by the Firm to *LPL* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

**Shepherd Financial Partners' Chief Executive Officer and Chief Compliance Officer, R. Mark Shepherd, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding conflict of interest any such arrangement may create.**

If a client is introduced to the Firm by either an unaffiliated or an affiliated solicitor, the Firm *may* pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from the Firm's investment advisory fee and shall not result in any additional charge to the client. If the client is introduced to the Firm by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of their solicitor relationship, and shall provide each prospective client with a copy of the Firm's written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between the Firm and the solicitor, including the compensation to be received by the solicitor from the Firm.

**Financial Information (Form ADV Part 2A Item – 18)**

Shepherd Financial Partners does not solicit fees of more than \$1,200, per client, six months or more in advance.

The Firm is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.

The Firm has not been the subject of a bankruptcy petition.

**Any questions: Shepherd Financial Partners' Chief Executive Officer and Chief Compliance Officer, R. Mark Shepherd, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**