



Informational Brochure

SHEARWATER CAPITAL, LLC

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This brochure provides information about the qualifications and business practices of Shearwater Capital, LLC. If you have any questions about the contents of this brochure, please contact us at 314-434-4750 and/or contact@shearwatercapital.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Shearwater Capital is a registered investment advisor. Registration of an investment advisor does not imply any level of skill or training.

Additional information about Shearwater Capital, LLC also is available on the SEC website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. The CRD number for Shearwater Capital is 115399.

Item 2 - Material Changes

This section describes the material changes since the last annual amendment of our Form ADV Brochure. The following is a summary of the material changes; see the identified sections for greater detail.

- Item 11: Fiduciary Acknowledgment added for Retirement Plan Accounts.

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Form ADV – Part 2A – Firm Brochure:**

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Item 4 - Advisory Business:

Shearwater Capital, LLC (hereafter referred to as Shearwater Capital) provides investment management advice, comprehensive financial planning and investment supervisory services for individuals and families, high net worth individuals, qualified retirement plans, and trusts. Shearwater Capital was founded in 1999 by Jeffrey Brown and Eric Malden, who serve as the company's only principal owners. The Chief Compliance Officer is Jared Meese.

The company takes a scientific approach to investing with an emphasis on broad global diversification, tax efficiency and low fees. We believe that investing should involve a long-term view and that stock selection and market timing generally do not add reliable risk-adjusted returns. Returns are sought through broadly diversified portfolios of domestic and international securities whose performance is based predominantly on passive asset class exposure. Our eligible security selection focuses primarily on mutual funds and exchange-traded funds with reasonable expenses and low turnover. The asset allocation strategy for each account is tailored to meet each client's unique financial needs.

An Investment Policy Statement (IPS) is prepared/tailored for each client, whether an individual, family or organization. The IPS includes relevant background information about the client, including the client's investment objectives, risk tolerance, investment time horizon, and unique financial circumstances. The IPS also describes an asset allocation model designed to meet these investment goals, while taking into consideration the client's personal characteristics and financial circumstances. The IPS is reviewed at least annually to determine if the client's situation has changed and whether the asset allocation strategy should be changed. The IPS can also be reviewed, and modified if necessary, any time at the client's request. Clients may impose restrictions on investing in certain securities or types of securities.

When appropriate, Shearwater Capital works with new clients to develop a plan to transition from a client's existing portfolio to the desired portfolio.

An Investment Management Agreement, signed by the client and a firm representative, provides Shearwater Capital with the authority to make trades on the client's behalf. As of February 2023, about 99.5% of the firm's clients, representing \$278,452,274 dollars in assets under management, prefer to have Shearwater Capital manage their accounts according to the asset allocation strategy specified in the IPS, without direct input from the client prior to each trade. The remaining 0.5% of clients, representing \$1,311,549 million dollars in assets under management, prefer to take an active role in the investment process, ranging from discussing the investment options before trades are placed to specifying which securities to buy or sell.

Shearwater Capital is not an accounting firm or law firm and does not provide legal or accounting advice. Clients should seek the services of an accounting firm or law firm when necessary.

Item 5 - Fees and Compensation:

Shearwater Capital is a fee-only investment advisory firm, meaning that investment management fees are our only source of compensation. We are committed to keeping our fees below industry averages. Fees are charged quarterly according to the following annualized fee schedule:

<u>Account Size</u>	<u>Annual Fee</u>
<\$100,000	0.85%
\$100,000-\$250,000	0.75%
\$250,000-\$500,000	0.65%
\$500,000-\$1,000,000	0.55%
\$1,000,000-\$2,500,000	0.45%
\$2,500,000-\$5,000,000	0.35%
\$5,000,000-\$10,000,000	0.25%
> \$10,000,000	0.15%

The fee percentage is determined based on the total amount of assets under management for one family or household, regardless of the number of accounts. This is less expensive for the client than charging fees based on each account in isolation. An additional benefit is that we do not use a tiered or blended fee structure, which would apply a 0.85% fee to the first \$100,000, 0.75% to the next \$150,000, etc. Clients are charged the annual fee based on their total assets under management with Shearwater Capital, which results in a lower overall fee percentage.

At Shearwater Capital, we do not use a commission-based fee structure, in which the advisor or broker benefits from increasing the number of trades. We do not receive compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds. This prevents a conflict of interest and facilitates keeping the client's best interest as the only factor in security selection. The mutual funds we recommend are "no-load," meaning that they do not charge a commission or sales charge. Our fee-only approach aligns the company's goals with the client's goals, in that both parties benefit from a growth in the client's assets. Fees at Shearwater Capital are fixed, meaning that they do not change with the time the work takes or the amount the service is used.

Shearwater Capital does not serve as custodian of any client funds. We utilize outside third-party custodians for all client assets. Most of our assets under management are held at TD Ameritrade Institutional or Charles Schwab where we have negotiated agreements that we believe are beneficial for our clients. We also maintain some assets under management at other custodians, such as TIAA. Shearwater Capital does not use wrap fee programs.

Some advisory accounts may be managed at a reduced fee or at no charge. Shearwater Capital, in its sole discretion, may negotiate to charge a greater or lesser fee than stated above.

Clients are invoiced at the beginning of each calendar quarter for investment management services provided over the previous quarter, based upon the value (market value or fair market value in the absence of market value) of the client's account at the end of the previous quarter. Each client receives a quarterly invoice showing the amount of the fee, the fee percentage, and the value of the client's assets on which the fee was based. Valuations are derived from recognized and independent pricing sources and determined by the custodian. New clients are charged a prorated fee for the portion of the quarter in which the new account was open. Clients do not pay fees in advance.

The Investment Management Agreement specifies the fee structure. Clients may provide written limited authorization to Shearwater Capital to withdraw fees from their accounts. Clients may also choose to pay their fees via credit card or personal check. An advisory client has the right to terminate the contract without penalty within five (5) business days after entering into the contract.

The Investment Management Agreement may be canceled at any time, for any reason, and by either party upon receipt of 30 days written notice. If a contract is terminated, the fees are prorated to cover only the dates during which investment management services are provided to the client.

All fees paid to Shearwater Capital for investment supervisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange-traded funds to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and possibly a distribution fee. A client could potentially invest in mutual funds directly or through other brokers or agents that are not affiliated with the services of Shearwater Capital. In this case, the client would not receive the services provided by Shearwater Capital which are designed, among other things, to assist in determining which securities are most appropriate for each client's financial condition and objectives. The client should review the fees charged by Shearwater Capital and the fees charged by the funds to fully understand the total amount of fees to be paid by the client and to evaluate the advisory services being provided.

Clients may incur brokerage and other transaction costs – see Investment Brokerage Discretion.

Some clients with larger accounts may have assets invested in separately managed accounts managed by a sub-advisor (See Item 7 below). This sub-advisor charges a separate fee to the client that is deducted from these accounts. This fee is presently 23 bps (about one-quarter of one percent annually paid on a quarterly basis) of the total assets in the separately managed account. This fee is deducted from the client's account and paid directly to the sub-advisor. This fee is in addition to the investment management fee charged by Shearwater Capital. Shearwater Capital does not determine this fee, deduct this fee, or receive any portion of this fee. Shearwater Capital will review the total fee charged and the performance of the sub-advisor to ensure that both are appropriate and meet industry standards.

Shearwater Capital may use a third-party provider for an order management system that allows our investment advisors to access, monitor and trade on certain accounts not held at a qualified custodian with which Shearwater Capital has an advisory relationship. These held away accounts typically include employer based 401(k), 403(b), and/or 457 accounts as well as College Savings 529 accounts. Through this agreement Shearwater Capital investment advisors are able to provide investment management services for these held away accounts in an integrated manner with the remainder of the client's portfolio. The third-party provider of the order management system charges a fee of 25 bps (one-quarter of one percent annually paid on a quarterly basis) based on the full account value of the held away account at the beginning of each quarter as valued by the account custodian. This fee is in addition to the investment management fee the client pays to Shearwater Capital. This fee is billed and collected along with the client's quarterly management fee using the existing quarterly reporting and payment method (i.e., fee deduction or credit card payment). The specific fee is established in a written signed agreement between the client and Shearwater Capital. Shearwater Capital does not retain any portion of this fee.

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

Shearwater Capital does not receive or participate in performance-based fees based on receiving a share of capital gains on or capital appreciation of client assets.

Item 7 - Types of Clients:

Shearwater Capital primarily provides investment advice to individuals and families, although the firm will also work with companies, pension and profit-sharing plans, and non-profit organizations. The types of accounts managed by Shearwater Capital include, but are not limited to, the following:

1. Individual accounts (taxable)
2. Joint accounts (e.g., Joint Tenants With Right of Survivorship; Tenants-in-Common)
3. Trust accounts
4. Individual Retirement Accounts (IRAs)
5. Roth Individual Retirement Accounts (Roth IRAs)
6. Qualified retirement trust accounts (e.g., 401(k) plan accounts, profit-sharing plan accounts)
7. Other tax-deferred retirement plans (e.g., 403(b), 457)
8. Cash balance plan accounts
9. Simplified Employee Pension Plan Individual Retirement Accounts (SEP IRAs)
10. Savings Incentive Match Plan for Employees of Small Employers (SIMPLE IRAs)
11. Health Savings Accounts (HSAs)
12. 529 Education Savings Accounts

The minimum account size for a new client is \$50,000; however, this requirement can be waived at the discretion of the company Principals.

Types of Investments:

For most clients, we create a portfolio of no-load mutual funds tailored to the asset allocation strategy described in the client's Investment Policy Statement. Although we are free to select from a wide range of financial securities, we rely mainly on mutual funds and exchange traded funds offered by Dimensional Fund Advisors (DFA) to construct our client portfolios. DFA mutual funds are not available directly to individuals but are limited to institutional investors and clients of a select group of financial advisory firms. Each DFA mutual fund is designed to capture the returns of a specific asset class, unlike index funds which merely replicate market indexes. DFA mutual funds use innovative trading strategies and portfolio engineering to attempt to provide added value. DFA funds generally have lower portfolio turnover, lower annual fees, and lower annual expenses than actively managed funds. DFA ETF's (exchange-traded funds) are available to all investors.

In addition to open end mutual funds, such as DFA funds, we also select from the following types of securities in constructing client portfolios:

1. Exchange-traded funds
2. Exchange-traded notes
3. Individual stocks
4. Corporate debt securities
5. Commercial paper
6. Certificates of deposit
7. Municipal bonds
8. United States government bonds
9. Government bonds issued by other countries

Some clients with larger accounts may have assets invested in separately managed accounts managed by Dimensional Fund Advisors. These accounts hold a basket of stocks or bonds providing exposure to a particular asset class (replicating an existing mutual fund or exchange traded fund exposure) and with the ability to customize the assets held based on environmental, social, and governance (ESG) preferences. Certain sectors, industries or individual stocks can be excluded if desired. In addition, a tailored strategy based on client tax sensitivity can be used when selling positions. These account directives can be modified as investor needs change.

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

Shearwater Capital's security analysis may be based on several factors including those derived from commercially available software technology, securities rating services, general market and financial information, due diligence reviews and specific investment analysis that clients may request. Shearwater Capital's main sources of information include commercially and/or publicly available investment services, financial newspapers, periodicals and issuer-prepared information.

Shearwater Capital also receives historical market analysis, risk/return analysis, and continuing education from Dimensional Fund Advisors. Shearwater Capital's investment advice is based on long-term investment strategies incorporating the principles of Modern Portfolio Theory. Our investment approach is rooted in the belief that markets are relatively efficient and that investor returns are determined principally by asset allocation decisions. We build diversified client portfolios through the use of DFA mutual funds that are available only to institutional investors and clients of a network of selected investment advisors. We also use exchange-traded funds from DFA and other companies that are available to all investors.

All investment strategies involving equities entail some degree of risk of loss that clients should be prepared to bear. However, Shearwater Capital seeks to limit risk through broad global diversification. Shearwater Capital's investment philosophy is designed for investors who desire a buy and hold strategy, with an investment time horizon of five years or more. Shearwater Capital seeks to minimize brokerage and other transaction costs by avoiding frequent trading of securities whenever possible.

Although Shearwater Capital emphasizes a long-term, disciplined approach to investing, we also provide investment advice regarding short-term and intermediate-term holdings, based on the client's needs. For example, if a client is interested in saving for a down payment on a house in the next year or two, our investment advice will be tailored to meet those needs.

Margin accounts can be established at the client's request. We usually advise clients against margin loans; however, in some circumstances margin loans provide a reasonable means of raising cash without having to sell the underlying securities. We generally advise clients interested in a margin loan to limit the size of the loan and to repay it as quickly as possible.

Investment-Related Risks:

Investors should keep in mind that there is no certainty that any investment strategy will be profitable, insulate them from loss or be successful in achieving investment objectives, and that past investment performance is not indicative of future results. Examples of investment-related risks include, but are not limited to, the following:

- **Market Risk:** Political, economic, and social issues can cause the value of securities to fluctuate and possibly lose money.
- **Asset Class Risk:** Overweighting a particular asset class, such as value stocks or small cap stocks, may cause a portfolio to underperform the broad market averages at times or lose money.
- **Foreign Securities Risk:** Investing in foreign securities involves risks related to political, economic, and social issues in those countries, which can cause these securities to change in value and lose money.
- **Foreign Currencies Risk:** Investing in foreign securities may expose investors to the risk that the currencies in which the securities are denominated may weaken relative to the U.S. dollar. This in turn may cause the securities to decline in value and the investors may lose money.
- **Tax-Efficient Investing Risk:** Tax strategies intended to minimize an investor's tax burden may result in lower investment returns. Furthermore, tax laws may change and tax-efficient investment strategies may fail to minimize taxes.
- **Commodities Investment Risk:** Commodity returns can be highly volatile and can be influenced by a variety of factors including interest rate movements, natural disasters, tariffs, and embargoes. Commodities can rapidly change in value and lose money.
- **Fixed Income Risk:** Bond investments are subject to interest rate risk (a change in rates can decrease bond value), credit risk (the risk of default by the bond issuer), and call risk (in which a bond is redeemed by the issuer before the maturity date). Each of these risks can cause a bond or bond fund to lose value.
- **Regulatory Risk:** The government can change any number of laws, which can affect after-tax returns for different investments.
- **Country Risk:** Securities originating from a specific country may be volatile in isolation. Diversification is intended to minimize the effect of one country on the entire portfolio but may or may not be effective.
- **Emerging Markets Risk:** Securities from emerging economies can have volatile returns that are affected by multiple factors, such as political, economic, and social issues, currency fluctuations, and problems related to corruption and property rights.
- **Error Risk:** Errors in portfolio management, placing trades, and other aspects of the investment process can lead to loss of money. For this reason, investment processes are checked regularly and carefully for accuracy.
- **Fund and Fund Company Risk:** There are risks associated with every investment fund and fund company. These risks are outlined in the investment prospectuses that are made available to each investor.
- **Cybersecurity Risk –** Breaches including unauthorized access, computer infection with viruses or malicious software may adversely affect custodians, Shearwater Capital, governments, regulatory authorities, banks, brokers, or other parties. Cybersecurity breaches could result in inability to provide services, execute trading or execute normal business operations, potentially resulting in financial losses to clients or firms.

Item 9 - Disciplinary Information

Since Shearwater Capital was founded in 1999, there have been no complaints filed against the company with state or federal regulatory agencies and no legal or disciplinary actions have been taken against the company or its principals or employees.

Item 10 - Other Financial Industry Activities and Affiliations

Management persons and employees of Shearwater Capital are not registered as broker-dealers or registered representatives of broker-dealers, futures commission merchants, commodity pool operators, commodity trading advisors or associated persons of the foregoing entities.

Item 11 - Code of Ethics:

Shearwater Capital has adopted a Code of Ethics to assure adherence to the highest ethical standards by all people involved in company business and client interactions. The firm's principals, employees, independent contractors, registered representatives, and soliciting agents are required to sign and abide by this Code of Ethics. The complete Code of Ethics is available to clients by request. Its main points are noted below:

All employees, independent contractors and principals of Shearwater Capital agree that at all times, they will:

- Place the interests of every client ahead of their own interests;
- Protect the confidentiality of all personal client data;
- The Principals and employees of Shearwater Capital buy and sell securities for their own portfolios that are also recommended to clients. This represents a conflict of interest, which is mitigated by prohibiting front running. Investments by our principals and employees are in publicly traded securities and in volume or quantity usually not affecting price. Any deviation from this policy must be reviewed prior to investment by our compliance committee. All personal securities transactions are conducted in such a manner to avoid any abuse of an employee's position of trust and responsibility and in concordance with our company trading policies;
- Shearwater Capital has a conflict of interest regarding advice given on adding new assets or transferring assets into accounts managed by Shearwater Capital in that we receive compensation for your assets managed by our company. Therefore, adding assets or accounts to those managed by Shearwater Capital is only recommended if we believe it is in the best interest of the clients.

- Make all investment management decisions in an independent manner and in the client's best interest;
- Uphold an impeccable standard of honesty, integrity and professionalism;
- Comply with all state and federal securities laws;

This list is not meant to be all inclusive. In each and every scenario the company policy is to "do the right thing" ethically, honestly, and in the best interest of the client.

Participation or Interest in Client Transactions:

The Shearwater Capital Principals and Chief Compliance Officer each have a substantial portion of their own financial assets managed by Shearwater Capital. Their accounts are managed in a similar fashion to the client accounts and hold many of the same securities. On a given day, all trades for the Shearwater Capital Principals and Chief Compliance Officer accounts are placed either at the same time or after all client trades to avoid any potential benefit from the clients' trades (referred to as "front-running") or the potential to adversely influence the clients' fill prices.

Retirement Plan Investment Advice:

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours.

Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice).
- Never put our financial interests ahead of yours when making recommendations (give loyal advice).
- Avoid misleading statements about conflicts of interest, fees, and investments.
- Follow policies and procedures designed to ensure that we give advice that is in your best interest.
- Charge no more than is reasonable for our services.
- Give you basic information about conflicts of interest.

Item 12 - Brokerage Practices

Shearwater Capital does not receive other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions (no soft dollar benefits). There are no markups or markdowns on client commissions higher than those charged by the broker-dealers for soft dollar benefits. See Investment Brokerage Discretion for further information below.

Shearwater Capital has entered into a custodial contract with Charles Schwab & Company, Inc, member FINRA/SIPC and TD Ameritrade Institutional, a division of TD Ameritrade, Inc., member FINRA/SIPC. Clients sign a separate contract with these custodians for custody and brokerage services. Shearwater Capital receives benefits from these custodians, including access to client account data, fee deduction capability, institutional trading and operations services, recordkeeping, client reporting and electronic form submission. These custodians also provide educational material on compliance, practice management, information technology and marketing. Our use of the institutional programs does not depend on the amount of brokerage transactions or number of accounts.

Shearwater Capital does not receive client referrals from any broker-dealers. Many trades entered for our clients are completed on an individual basis. Shearwater Capital may aggregate the purchase or sale of securities for various client accounts as a block trade if we believe aggregating orders may be advantageous in achieving best execution including price across client accounts. Securities bought or sold with a block trade are distributed fairly among involved client accounts at the average purchase price. If the purchase or sale of the desired quantity of trades is only partially filled, then the shares are distributed pro rata across the involved client accounts based on their respective intended order size. There is no compensation received by Shearwater Capital or its employees for block trades.

In all instances involving trade errors caused by Shearwater Capital, clients are made whole. If the correction of the trade error by the firm results in a loss, Shearwater is responsible for that loss. If a settled trade error results in a gain, the client keeps the gain. When multiple trades are corrected for the same client at the same time, the firm will net the result of each correction against each other. If a trading error occurs due to actions of Shearwater Capital and is detected prior to settlement, it is considered an "Advisor Account Trade Error." The custodian will move the security into a separate error account. Any losses incurred on a correcting trade are paid by Shearwater Capital. Any net gains realized on an Advisor Account corrected trade will be retained by Shearwater Capital and then donated to charity.

Item 13 - Review of Accounts

Client accounts are supervised continuously. Asset allocation is calculated and evaluated weekly. Account performance is calculated and reviewed monthly. The asset allocation of each account is compared to the target asset allocation in the Investment Policy Statement or to a mutually agreed upon change in the target. The asset allocation versus target for each account

is communicated to the client at least annually. One of the company principals is responsible for the review of each client account. Client accounts are also reviewed at the time of new security purchases or sales.

Each quarter, an account performance report and gain/loss statement from Shearwater Capital is sent to every client. These quarterly reports include each account's beginning-of-year balance, beginning-of-quarter balance, net contributions, end-of-quarter balance, quarter change in value and rate of return for the quarter and the year. A billing statement is included in each performance report listing the fee per account, total fee and fee percentage charged. Clients also receive monthly or quarterly account statements directly from the account custodian. These custodial statements provide details regarding the securities, transactions, and cash positions within each account; in addition to a beginning and ending account balance.

Item 14 - Client Referrals - Independent Contractors, Registered Representatives and Solicitors

Shearwater Capital may enter into arrangements with third parties, including independent contractors, registered representatives and/or solicitors, to provide services on behalf of the firm. In some cases, these individuals may receive compensation, either directly or indirectly, for assistance in managing the client relationship. In all cases, this arrangement will be disclosed to the client who is referred to Shearwater Capital. In all cases, the independent contractor, registered representative and/or solicitor is also a client with assets at Shearwater Capital. In limited cases, Shearwater Capital may also enter into written agreements with other companies to refer potential clients in exchange for a flat one-time referral fee. This referral fee is paid to the other company regardless of whether the referred potential client actually becomes a client. Solicitation arrangements entail an inherent conflict of interest because the solicitor is receiving an economic benefit for the referral or recommendation of our advisor services. Clients should understand that the referral payment to the third party has no effect on the immediate or future fees charged to the client and there are no additional charges to the client. In all cases, referral arrangements will be disclosed to the client who is referred to Shearwater Capital.

Item 15 - Custody

Shearwater Capital clients maintain their funds in a separate account in each client's name at a third-party custodian that is independent of our firm (TD Ameritrade, Schwab, TIAA, etc.). The majority of our assets under management are held at TD Ameritrade Institutional and Charles Schwab. Shearwater Capital is deemed to have custody as we have client authorized permission to deduct our advisory fee directly from the client's account. Clients receive monthly account statements directly from the account custodian. These statements provide details regarding the securities, transactions, billing fees and cash positions within each account. A beginning and ending account balance also appear on the monthly account

statements. Clients are urged to carefully review and compare the account statements they receive from the qualified custodian with those they receive quarterly from Shearwater Capital.

Shearwater Capital is considered to have custody of clients' funds or securities when clients have standing letters of authorization (SLOA) with their custodian in which Shearwater Capital has authority to direct the amount or date of transferring funds on behalf of the client (First-Party at different financial institutions or Third-Party Transfers). These standing letters of authorization, that have been put in place by the client's written request and signature, designate the account at a specific custodian or bank from which the client wishes to withdraw money and the account at a specific custodian or bank to which the client wishes to deposit money. Shearwater Capital will only initiate these transfers at a specific amount and date when directed by the client.

Shearwater Capital confirms that in those accounts involving a SLOA: (1) the client provides an instruction to the custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed; (2) the client authorizes us, in writing, either on the custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time; (3) the custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client authorization, and the qualified custodian provides a transfer of funds notice to the client promptly after each transfer; (4) the client has the ability to terminate or change the instruction to the custodian; (5) we have no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction; (6) we maintain records showing that the third party is not a related party of Shearwater Capital or located at the same address as Shearwater Capital; and (7) the custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

Shearwater Capital does not accept check writing privileges or non-account specific SLOAs on behalf of clients.

Item 16 - Investment Brokerage Discretion

Client accounts are established in the client's name, or in the name of the appropriate trust, company, or non-profit organization. Shearwater Capital has discretionary trading privileges for each account including the selection of securities and the number of securities to be bought or sold. This discretionary authority is obtained after the client executes a limited power of attorney. However, Shearwater Capital does not hold or bundle client assets in our company name; specifically, client assets remain unbundled in individual client accounts in the individual client's name, or in the name of the client's trust or retirement plan, at the custodian.

Shearwater Capital recommends broker-dealers with low transaction costs and efficient trade executions. However, the client may select another broker-dealer of his or her choice. A client

who chooses to designate use of a particular broker or dealer should recognize that commissions vary and may not be competitive with other broker-dealers or with commissions that other clients of Shearwater Capital may pay. Brokerage fees, account maintenance fees and transaction costs vary based on type of security, custodian, and broker dealer.

Item 17 - Voting Client Securities

Many securities provide voting rights to the owner of the asset. Shearwater Capital does not accept the authority to and does not vote proxies. Clients retain the rights and responsibility for receiving and voting proxies for securities maintained in client accounts. In a very small number of cases, Dimensional Fund Advisors may vote proxies in its role as subadvisor for large separately managed accounts with a large number of individual equity positions. In each of these cases, clients receive the form ADV and form CRS of the subadvisor and can request to retain their voting rights on all securities. Clients also retain the rights and responsibilities for all legal proceedings involving companies whose securities are held or previously were held in the client's accounts, including, but not limited to, the filing of "Proofs of Claim" in class action settlements.

Item 18 - Financial Information

Shearwater Capital does not require prepayment of fees. Shearwater Capital has never been the subject of bankruptcy petitions and has no financial condition that would impair or limit the company's ability to meet contractual commitments to clients.