

Shepherd Financial Partners, LLC
Form ADV Part 2A Appendix 1
Wrap Fee Program Brochure

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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, Managing Member, 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 www.adviserinfo.sec.gov. 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

Annual Update

In this Item of Shepherd Financial Partners, LLC's (the "Firm", "we", "us", "our") 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.

Material Changes since the Last Update

There have been no material changes to the Firm's Brochure since its last Annual Amendment filing dated March 27, 2024.

Full Brochure Available

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

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Item 4: Services, Fees and Compensation

Investment Management Services

Shepherd Financial Partners generally provides 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.

Under an asset-based pricing arrangement, the amount paid to the custodian for account commission/transaction fees is based upon a percentage (%) of the market value of the client's account (generally, the greater the market value, the lower the%). This differs from transaction-based pricing, which assesses a separate commission/transaction fee against the client's

account for each account transaction. When engaged on a wrap fee basis, the Firm shall be responsible for paying the asset-based pricing fee to the custodian. Clients who engage the Firm on a non-wrap fee basis shall be responsible for paying the asset-based pricing fee to the custodian.

The LPL Insured Cash Account Program (LPL /CA Program) is an FDIC-insured, interest bearing, automated cash sweep program. Every business day, uninvested cash is automatically transferred to the LPL /CA Program, so that your cash earns interest without incurring transaction charges. When the cash is needed to cover a debit, it is automatically transferred back to the account to fund the transaction.

Please note that:

- The fees LPL Financial receives from the banks participating in the LPL /CA Program are based upon the level of the Firm's client assets in the /CA Program;
- The fee charged by LPL may be higher than the interest rate you receive on their funds deposited in the /CA Program; and
- Participation in the /CA Program may result in lower returns, due to LPL's fee, when compared to other bank deposit or money market investments.

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, prorating and adjusting for inflows and outflows during the billing period. 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 maximize its compensation by seeking to minimize the number of trades in the client's account.

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

Shepherd Financial Partners' clients shall generally include individuals, high net worth individuals, business entities, pension and profit-sharing plans, trusts, estates, and charitable organizations. 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

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. In as much 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 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 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 \$100 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.

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.

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 Firm, such a recommendation creates a conflict of interest if the Firm will earn new (or increase its current) compensation as a result of the rollover. If the Firm provides a recommendation as to whether a client should engage in a rollover or not, the Firm is acting as a fiduciary 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. No client is under any obligation to roll over retirement plan assets to an account managed by the Firm.

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).

Socially Responsible Investing Limitations

Socially Responsible Investing involves the incorporation of Environmental, Social and Governance ("ESG") considerations into the investment due diligence process. Registrant does not maintain or advocate an ESG investment strategy but will seek to employ ESG if directed by a client to do so. If implemented, Registrant shall rely upon the assessments undertaken by the unaffiliated mutual fund, exchange traded fund or separate account portfolio manager to determine that the fund's or portfolio's underlying company securities meet a socially responsible mandate.

ESG investing incorporates a set of criteria/factors used in evaluating potential investments: Environmental (i.e., considers how a company safeguards the environment); Social (i.e., the manner in which a company manages relationships with its employees, customers, and the communities in which it operates); and Governance (i.e., company management considerations). The number of companies that meet an acceptable ESG mandate can be limited when compared to those that do not and could underperform broad market indices.

Investors must accept these limitations, including potential for underperformance. Correspondingly, the number of ESG mutual funds and exchange-traded funds are limited when compared to those that do not maintain such a mandate. As with any type of investment (including any investment and/or investment strategies recommended and/or undertaken by Registrant), there can be no assurance that investment in ESG securities or funds will be profitable or prove successful.

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.

Cash Balances

Some of your assets may be held as cash and remain uninvested. Holding a portion of your assets in cash and cash alternatives, i.e., money market fund shares, may be based on your desire to have an allocation to cash as an asset class, to support a phased market entrance

strategy, to facilitate transaction execution, to have available funds for withdrawal needs or to pay fees or to provide for asset protection during periods of volatile market conditions. Your cash and cash equivalents will be subject to our investment advisory fees unless otherwise agreed upon. You may experience negative performance on the cash portion of your portfolio if the investment advisory fees charged are higher than the returns you receive from your cash.

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. To the contrary, such funds and/or strategy(ies) can suffer substantial losses. 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

Where appropriate, we may utilize interval funds (and other types of securities that could pose additional risks, including lack of liquidity and restrictions on withdrawals). An interval fund is a non-traditional type of closed-end mutual fund that periodically offers to buy back a percentage of outstanding shares from shareholders. Investments in an interval fund involve additional risk, including lack of liquidity and restrictions on withdrawals.

During any time periods outside of the specified repurchase offer window(s), investors will be unable to sell their shares of the interval fund. There is no assurance that an investor will be able to tender shares when or in the amount desired. There can also be situations where an interval fund has a limited amount of capacity to repurchase shares and may not be able to fulfill all purchase orders. In addition, the eventual sale price for the interval fund could be less than the interval fund value on the date that the sale was requested.

While an interval fund periodically offers to repurchase a portion of its securities, there is no guarantee that investors may sell their shares at any given time or in the desired amount. As interval funds can expose investors to liquidity risk, investors should consider interval fund shares to be an illiquid investment. Typically, the interval funds are not listed on any securities exchange and are not publicly traded. Therefore, there is no secondary market for the fund's shares.

Because these types of investments involve certain additional risk, these funds will only be utilized when consistent with a client's investment objectives, individual situation, suitability, tolerance for risk and liquidity needs. Investment should be avoided where an investor has a short-term investing horizon and/or cannot bear the loss of some, or all, of the investment. There can be no assurance that an interval fund investment will prove profitable or successful.

In light of these enhanced risks, a client may direct the Firm, in writing, not to purchase interval funds for the client's account.

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.

Cybersecurity Risk

The information technology systems and networks that the Firm and its third-party service providers use to provide services to the Firm's clients employ various controls that are designed to prevent cybersecurity incidents stemming from intentional or unintentional actions that could cause significant interruptions in the Firm's operations and/or result in the unauthorized acquisition or use of clients' confidential or non-public personal information.

In accordance with Regulation S-P, the Firm is committed to protecting the privacy and security of its clients' non-public personal information by implementing appropriate administrative, technical, and physical safeguards. The Firm has established processes to mitigate the risks of cybersecurity incidents, including the requirement to restrict access to such sensitive data and to monitor its systems for potential breaches. Clients and the Firm are nonetheless subject to the risk of cybersecurity incidents that could ultimately cause them to incur financial losses and/or other adverse consequences.

Although the Firm has established processes to reduce the risk of cybersecurity incidents, there is no guarantee that these efforts will always be successful, especially considering that the Firm does not control the cybersecurity measures and policies employed by third-party service providers, issuers of securities, broker-dealers, qualified custodians, governmental and other regulatory authorities, exchanges, and other financial market operators and providers. In compliance with Regulation S-P, the Firm will notify clients in the event of a data breach involving their non-public personal information as required by applicable state and federal laws.

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.

Borrowing Against Assets/Risks A client who has a need to borrow money could determine to do so by using:

- **Margin**-The account custodian or broker-dealer lends money to the client. The custodian charges the client interest for the right to borrow money, and uses the assets in the client's brokerage account as collateral; and,
- **Pledged Assets Loan**- In consideration for a lender (i.e., a bank, etc.) to make a loan to the client, the client pledges its investment assets held at the account custodian as collateral;

These above-described collateralized loans are generally utilized because they typically provide more favorable interest rates than standard commercial loans. These types of collateralized loans can assist with a pending home purchase, permit the retirement of more expensive debt, or enable borrowing in lieu of liquidating existing account positions and incurring capital gains taxes. However, such loans are not without potential material risk to the client's investment assets. The lender (i.e., custodian, bank, etc.) will have recourse against the client's investment assets in the event of loan default or if the assets fall below a certain level. For this reason, the Firm does not recommend such borrowing unless it is for specific short-term purposes (i.e., a bridge loan to purchase a new residence). The Firm does not recommend such borrowing for investment purposes (i.e., to invest borrowed funds in the market). Regardless, if the client was to determine to utilize margin or a pledged assets loan, the following economic benefits would inure to the Firm:

- by taking the loan rather than liquidating assets in the client's account, the Firm continues to earn a fee on such Account assets; and,
- if the client invests any portion of the loan proceeds in an account to be managed by the Firm, the Firm will receive an advisory fee on the invested amount; and,
- if the Firm's advisory fee is based upon the higher margined account value, the Firm will earn a correspondingly higher advisory fee. This could provide the Firm with a disincentive to encourage the client to discontinue the use of margin.

The Client must accept the above risks and potential corresponding consequences associated with the use of margin or a pledged assets loans.

Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear.

All investments involve the risk of loss, including (among other things) loss of principal, a reduction in earnings (including interest, dividends, and other distributions), and the loss of future earnings. Although we manage assets in a manner consistent with your investment objectives and risk tolerance, there can be no guarantee that our efforts will be successful. You should be prepared to bear the following risks of loss:

- **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.
- **Custodial Risk:** This risk is the probability that a party to a transaction will be unable or unwilling to fulfill its contractual obligations either due to technological errors, control failures, malfeasance, or potential regulatory liabilities.

Voting Client Securities

Shepherd Financial Partners does not vote client proxies nor make any express or implied recommendation with respect to voting 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

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

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

Item 9: Additional Information

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.

Broker-Dealer Registered Representatives

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 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.

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 Form ADV Part 2A Item 12 , 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*.

Other Economic Benefits

Specifically, the benefits include a \$9,000 annual credit towards the Firm’s compliance services and costs. This credit represents the agreed upon value of the compliance services that *LPL* previously provided to the Firm, but which are no longer offered by *LPL*. The benefit is paid pursuant to a written agreement executed between Firm and *LPL*.

Additional Benefits

The Firm receives from *LPL*, certain other additional economic benefits (“Additional Benefits”). The Additional Benefits total up to \$25,000 annually and are provided to the Firm in *LPL*’s sole discretion and at its own expense, and neither the Firm nor its clients pay any fees to *LPL* directly related to the Additional Benefits received.

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.

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.

Shepherd Financial Partners’ Managing Member, 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.