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**FORM ADV**

**Uniform Application for Investment Adviser Registration**

**Part II - Page 1**

Name of Investment Adviser: Shearwater Capital LLC					
Address: (Number and Street) 8304 Kingsbury Blvd.	(City) Saint Louis	(State) MO	(Zip Code) 63105	Area Code: (314)	Telephone number: 434-4750

This part of Form ADV gives information about the investment adviser and its business for the use of clients.  
The information has not been approved or verified by any governmental authority.

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(Schedules A B C D and E are included with Part I of this Form, for the use of regulatory bodies, and are not distributed to clients.)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

**1. A. Advisory Services and Fees.** (check the applicable boxes) For each type of service provided, state the approximate % of total advisory billings from that service. (See instruction below.)

**Applicant:**

<input checked="" type="checkbox"/>	(1) Provides investment supervisory services .....	<u>90</u>	%
<input checked="" type="checkbox"/>	(2) Manages investment advisory accounts not involving investment supervisory services .....	<u>10</u>	%
<input type="checkbox"/>	(3) Furnishes investment advice through consultations not included in either service described above ..	_____	%
<input type="checkbox"/>	(4) Issues periodicals about securities by subscription .....	_____	%
<input type="checkbox"/>	(5) Issues special reports about securities not included in any service described above .....	_____	%
<input type="checkbox"/>	(6) Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities .....	_____	%
<input type="checkbox"/>	(7) On more than an occasional basis, furnishes advice to clients on matters not involving securities ...	_____	%
<input type="checkbox"/>	(8) Provides a timing service .....	_____	%
<input type="checkbox"/>	(9) Furnishes advice about securities in any manner not described above .....	_____	%

(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)

B. Does applicant call any of the services it checked above financial planning or some similar term? -----  Yes  No

C. Applicant offers investment advisory services for: (check all that apply)

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> (1) A percentage of assets under management | <input type="checkbox"/> (4) Subscription fees |
| <input type="checkbox"/> (2) Hourly charges                                     | <input type="checkbox"/> (5) Commissions       |
| <input type="checkbox"/> (3) Fixed fees (not including subscription fees)       | <input type="checkbox"/> (6) Other             |

- D. For each checked box in A above, describe on Schedule F:
- the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee
  - applicant's basic fee schedule, how fees are charged and whether its fees are negotiable
  - when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date

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

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> A. Individuals                      | <input checked="" type="checkbox"/> E. Trusts, estates, or charitable organizations         |
| <input type="checkbox"/> B. Banks or thrift institutions                | <input type="checkbox"/> F. Corporations or business entities other than those listed above |
| <input type="checkbox"/> C. Investment companies                        | <input type="checkbox"/> G. Other (describe on Schedule F)                                  |
| <input checked="" type="checkbox"/> D. Pension and profit sharing plans |   |

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

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

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

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

- |   |   |
|---|---|
| (1) <input type="checkbox"/> Charting               | (4) <input type="checkbox"/> Cyclical                                 |
| (2) <input checked="" type="checkbox"/> Fundamental | (5) <input checked="" type="checkbox"/> Other (explain on Schedule F) |
| (3) <input type="checkbox"/> Technical              |   |

B. The main sources of information applicant uses include: (check those that apply)

- |   |   |
|---|---|
| (1) <input checked="" type="checkbox"/> Financial newspapers and magazines    | (5) <input type="checkbox"/> Timing services  |
| (2) <input type="checkbox"/> Inspections of corporate activities              | (6) <input checked="" type="checkbox"/> Annual reports, prospectuses, filings with the Securities and Exchange Commission |
| (3) <input checked="" type="checkbox"/> Research materials prepared by others | (7) <input checked="" type="checkbox"/> Company press releases  |
| (4) <input checked="" type="checkbox"/> Corporate rating services             | (8) <input checked="" type="checkbox"/> Other (explain on Schedule F)   |

C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- |   |   |
|---|---|
| (1) <input checked="" type="checkbox"/> Long term purchases (securities held at least a year) | (5) <input type="checkbox"/> Margin transactions  |
| (2) <input checked="" type="checkbox"/> Short term purchases (securities sold within a year)  | (6) <input type="checkbox"/> Option writing, including covered options, uncovered options or spreading strategies |
| (3) <input type="checkbox"/> Trading (securities sold within 30 days)                         | (7) <input type="checkbox"/> Other (explain on Schedule F)  |
| (4) <input type="checkbox"/> Short sales  |   |

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

**5. Education and Business Standards.**

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients? -----  Yes  No  
(If yes, describe these standards on Schedule F.)

**6. Education and Business Background.**

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice given to clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

- name
- year of birth
- formal education after high school
- business background for the preceding five years

**7. Other Business Activities.** (check those that apply)

- A. Applicant is actively engaged in a business other than giving investment advice.
- B. Applicant sells products or services other than investment advice to clients.
- C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F.)

**8. Other Financial Industry Activities or Affiliations.** (check those that apply)

- A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.
- C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a-
 

<input type="checkbox"/> (1) broker-dealer	<input type="checkbox"/> (7) accounting firm
<input type="checkbox"/> (2) investment company	<input type="checkbox"/> (8) law firm
<input type="checkbox"/> (3) other investment adviser	<input type="checkbox"/> (9) insurance company or agency
<input type="checkbox"/> (4) financial planning firm	<input type="checkbox"/> (10) pension consultant
<input type="checkbox"/> (5) commodity pool operator, commodity trading adviser or futures commission merchant	<input type="checkbox"/> (11) real estate broker or dealer
<input type="checkbox"/> (6) banking or thrift institution	<input type="checkbox"/> (12) entity that creates or packages limited partnerships

(For each checked box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

- D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest?  Yes  No

(If yes, describe on Schedule F the partnerships and what they invest in.)

**9. Participation or Interest in Client Transactions.**

Applicant or a related person: (check those that apply)

- A. As principal, buys securities for itself from or sells securities it owns to any client.
- B. As broker or agent effects securities transactions for compensation for any client.
- C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.
- D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- E. Buys or sells for itself securities that it also recommends to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.)

Describe, on Schedule F, your code of ethics, and state that you will provide a copy of your code of ethics to any client or prospective client upon request.

- |   |                                     |                          |
|---|-------------------------------------|--------------------------|
| <b>10. Conditions for Managing Accounts.</b> Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services and impose a minimum dollar value of assets or other conditions for starting or maintaining an account? | Yes                                 | No                       |
|   | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

(If yes, describe on Schedule F)

**11. Review of Accounts.** If applicant provides investment supervisory services, manages investment advisory accounts, or holds itself out as providing financial planning or some similarly termed services:

A. Describe below the reviews and reviewers of the accounts. **For reviews**, include their frequency, different levels, and triggering factors. **For reviewers**, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

The performance of each account is monitored on at least a quarterly basis. The asset allocation of each account is reviewed at least annually. The asset allocation of each account is compared to the target asset allocation noted in each client's Investment Policy Statement. Jeffrey J. Brown and/or Eric S. Malden are responsible for the review of all accounts.

Reviewers:  
Jeffrey Brown, Principal  
Eric Malden, Principal

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

Each quarter, an account performance report and gain/loss statement is sent to each client. Quarterly reports include each account's end-of-quarter balance and rate of return. A billing statement accompanies each account performance report. Clients also receive monthly account statements directly from the account custodian. These statements provide details regarding the securities and cash positions within each account. A beginning and ending account balance also appears on the monthly account statements.

**12. Investment or Brokerage Discretion.**

- A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:
- |  |   |  |
|--|---|--|
| (1) securities to be bought or sold? .....               | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/>            |
| (2) amount of the securities to be bought or sold? ..... | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/>            |
| (3) broker or dealer to be used? .....                   | Yes <input type="checkbox"/>            | No <input checked="" type="checkbox"/> |
| (4) commission rates paid? .....                         | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/>            |

- B. Does applicant or a related person suggest brokers to clients? ..... Yes  No

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. if the value of products, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for product and research services received.

**13. Additional Compensation.**

Does the applicant or a related person have any arrangements, oral or in writing, where it:

- |   |   |  |
|---|---|--|
| A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients? ..... | Yes <input type="checkbox"/>            | No <input checked="" type="checkbox"/> |
| B. directly or indirectly compensates any person for client referrals? .....  | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/>            |

(For each yes, describe the arrangements on Schedule F.)

**14. Balance Sheet.** Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

- has custody of client funds or securities (unless applicant is registered or registering only with the Securities and Exchange Commission); or
  - requires prepayment of more than \$500 in fees per client and 6 or more months in advance
- Has applicant provided a Schedule G balance sheet? ..... Yes  No

**Schedule F of  
Form ADV**

**Continuation Sheet for Form ADV Part II**

Applicant: Shearwater Capital LLC	SEC File Number: 801- 66575	Date: 02.04.2008
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(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: Shearwater Capital LLC		IRS Empl. Ident. No.: 43-1856252																		
Item of Form (identify)	Answer																			
Page 2, Item #1D	<p>Shearwater Capital LLC has been providing advisory services to clients since 1999. The company Principals are Jeffrey Brown, MD MBA CFA and Eric Malden, MD MBA. The Chief Compliance Officer is Jared Meese, MBA.</p> <p><b>INVESTMENT SUPERVISORY SERVICES</b></p> <p>Shearwater Capital manages investment portfolios for individuals, high net worth individuals, qualified retirement plans, and trusts. Shearwater Capital works with clients to determine the client's specific investment objectives which are set forth in a written Investment Policy Statement. The Investment Policy Statement describes an asset allocation model that conforms to the client's risk tolerance level. With the client's permission, Shearwater Capital will evaluate the client's existing investments with respect to the their Investment Policy Statement. When appropriate, Shearwater Capital works with new clients to develop a plan to transition from a client's existing portfolio to the desired portfolio. Shearwater Capital then monitors portfolio holdings and asset allocation strategies and reviews these findings with clients, as necessary.</p> <p>Shearwater Capital typically creates a portfolio of no-load mutual funds tailored to the asset allocation strategy detailed in the client's Investment Policy Statement. Shearwater Capital allocates a client's assets among various investments taking into consideration the overall management style selected by the client. Shearwater Capital primarily recommends portfolios consisting of no-load mutual funds offered by Dimensional Fund Advisors (DFA).</p> <p>DFA mutual funds follow a passive asset class investment philosophy with low portfolio turnover. Consequently, the DFA fund fees are generally lower than fees and expenses charged by most other types of funds. Client portfolios may also include individual equities and exchange traded funds. Shearwater Capital manages mutual fund and equity portfolios on both a discretionary or non-discretionary basis.</p> <p>Management fees are calculated as a percentage of total assets under management. Fees are paid quarterly according to the following annualized fee schedule:</p> <table border="1"> <thead> <tr> <th>Account Size</th> <th>Annual Fee</th> </tr> </thead> <tbody> <tr> <td>up to \$100,000</td> <td>0.85%</td> </tr> <tr> <td>\$100,000-\$250,000</td> <td>0.75%</td> </tr> <tr> <td>\$250,000-\$500,000</td> <td>0.65%</td> </tr> <tr> <td>\$500,000-\$1,000,000</td> <td>0.55%</td> </tr> <tr> <td>\$1,000,000-\$2,500,000</td> <td>0.45%</td> </tr> <tr> <td>\$2,500,000-\$5,000,000</td> <td>0.35%</td> </tr> <tr> <td>\$5,000,000-\$10,000,000</td> <td>0.25%</td> </tr> <tr> <td>&gt;\$10,000,000</td> <td>0.15%</td> </tr> </tbody> </table>		Account Size	Annual Fee	up to \$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%
Account Size	Annual Fee																			
up to \$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%																			

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

**Schedule F of  
Form ADV**

**Continuation Sheet for Form ADV Part II**

Applicant: Shearwater Capital LLC	SEC File Number: 801- 66575	Date: 02.04.2008
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(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: Shearwater Capital LLC		IRS Empl. Ident. No.: 43-1856252
Item of Form (identify)	Answer	
	<p>All accounts for members of the client's family (husband, wife and dependent children less than 25 years old) or related businesses may be assessed fees based on the total balance of all accounts. Client accounts with a total balance less than \$50,000 may be accepted on a case by case basis.</p> <p><b>GENERAL INFORMATION ON SERVICES AND FEES</b> Principals of Shearwater Capital are not charged fees on either their personal accounts or accounts of immediate family members. Employees of Shearwater Capital and members of their immediate family may receive reduced fees.</p> <p>Clients are invoiced in advance at the beginning of each calendar 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. Valuations are derived from recognized and independent pricing sources. New accounts are charged a prorated fee for the remainder of the quarter in which the account was opened (generally the date of first trade, unless otherwise agreed to with client).</p> <p>Shearwater Capital sends each client an invoice showing the amount of the fee, the value of the client's assets on which the fee was based, and the specific manner in which the fee was calculated. Clients should verify the accuracy of the fee calculations in such invoices. Shearwater Capital requests authority from clients to receive quarterly payments directly from the client's account held by an independent qualified custodian. Clients may provide written limited authorization to Shearwater Capital to withdraw fees from the account. Clients may also elect to pay their fees via credit card or personal check.</p> <p>A client agreement may be canceled at any time, for any reason, and by either party upon receipt of thirty (30) days written notice. The client also has the right to terminate an agreement without penalty within five (5) business days after entering into the agreement. All fees paid to Shearwater Capital for investment supervisory services are separate and distinct from the fees and expenses charged by mutual 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, without 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 mutual fund or funds are most appropriate to each client's financial condition and objectives. In addition, DFA funds are typically not available to the client directly. The client should review the fees charged by the funds and the fees charged by Shearwater Capital to fully understand the total amount of fees to be paid by the client and to evaluate the advisory services being provided.</p>	

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

**Schedule F of  
Form ADV**

**Continuation Sheet for Form ADV Part II**

Applicant: Shearwater Capital LLC	SEC File Number: 801- 66575	Date: 02.04.2008
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(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: Shearwater Capital LLC		IRS Empl. Ident. No.: 43-1856252
Item of Form (identify)	Answer	
Page 3, Items #4A-C	<p><b>TYPES OF INVESTMENTS</b> Investment advice may be offered on any investments held by a client at the start of the advisory relationship. The primary vehicles recommended for investing are no-load mutual funds offered by Dimensional Fund Advisors (DFA). Other mutual funds, exchanged trade funds, exchange traded notes, annuities, and individual stocks and bonds may also be recommended.</p> <p><b>SECURITIES ANALYSIS METHODS, SOURCES OF INFORMATION, AND INVESTMENT STRATEGIES</b> Shearwater Capital's security analysis is based on a number of 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 available investment services, financial newspapers, periodicals and issuer-prepared information. Shearwater Capital also receives historical market analysis, risk/return analysis, and continuing education from DFA</p> <p>Shearwater Capital's investment advice is based on long-term investment strategies incorporating the principles of Modern Portfolio Theory. Shearwater Capital's investment approach is rooted in the belief that markets are relatively efficient and that investor returns are determined principally by asset allocation decisions. Shearwater Capital builds diversified client portfolios principally through the use of passively managed asset class mutual funds that are available only to institutional investors and clients of a network of selected investment advisors.</p> <p>All investment strategies involving equities entail some degree of risk. 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 a minimum of five years, and preferably ten years or more. Shearwater Capital seeks to minimize brokerage and other transaction costs by avoiding frequent trading of securities whenever possible. Investors who insist on more frequent trading, market timing, or active security selection may not achieve positive long-term results.</p>	
Page 4, Items #5 and 6	<p>Portfolio managers hold a minimum of a bachelors degree and a masters degree in business administration. Portfolio managers are also required to have passed the appropriate examinations required by the regulatory agencies. The educational backgrounds and employment histories of Shearwater Capital's key personnel are described below:</p>	

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

**Schedule F of  
Form ADV**

**Continuation Sheet for Form ADV Part II**

Applicant: Shearwater Capital LLC	SEC File Number: 801- 66575	Date: 02.04.2008
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(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: Shearwater Capital LLC		IRS Empl. Ident. No.: 43-1856252
Item of Form (identify)	Answer	
	<p>Jeffrey J. Brown Title: Principal Year of birth: 1955 Formal education: BS, MD, MBA, CFA NASAA Series 65 Examination: Passed in 1999 Chartered Financial Analyst (CFA): Charter awarded in 2004 Business background: 1. Medical school professor: Since 1988 2. Principal, Shearwater Capital: Since 1999</p> <p>Jeffrey J. Brown is a Professor of Radiology at Washington University in St. Louis, Missouri. This is Dr. Brown's principal business. It involves clinical work, teaching, and research in the field of radiology and does not involve providing investment advice.</p> <p>Eric S. Malden Title: Principal Year of birth: 1966 Formal education: BA, MD, MBA NASAA Series 65 Examination: Passed in 1999 Business background: Medical school professor (1997-1999) Private practice radiology: Since 2000</p> <p>Eric S. Malden is a radiologist with Radiology Imaging Associates in Denver, Colorado. This is Dr. Malden's principal business. It involves providing clinical diagnostic and interventional radiology services and does not involve providing investment advice.</p> <p>Jared Meese Title: Chief Compliance Officer Year of birth: 1970 Formal education: BS, MBA NASAA Series 65 Examination: Passed in 2007 Business background: 1. Environmental Scientist, 2001-2007 2. Investment Representative, 2000-2001</p> <p>Jared Meese is a full-time employee of Shearwater Capital.</p>	

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

**Schedule F of  
Form ADV  
Continuation Sheet for Form ADV Part II**

Applicant: Shearwater Capital LLC	SEC File Number: 801- 66575	Date: 02.04.2008
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(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: Shearwater Capital LLC		IRS Empl. Ident. No.: 43-1856252
Item of Form (identify)	Answer	
Page 5, Item #9E	<p><b>CODE OF ETHICS</b></p> <p>Shearwater Capital has adopted a Code of Ethics expressing the firm's commitment to ethical conduct. Shearwater Capital's Code of Ethics describes the firm's fiduciary duties and responsibilities to clients and sets forth Shearwater Capital's practice of supervising the personal securities transactions. It is the expressed policy of Shearwater Capital that all officers and employees of the firm shall place the interests of clients ahead of their own interests with regards to investment decisions.</p> <p>To supervise compliance with its Code of Ethics, Shearwater Capital requires that anyone providing investment recommendations to clients provide annual securities holding reports to the firm's Chief Compliance Officer or his designee. Shearwater Capital requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices. Any individual not in observance of the above may be subject to discipline. Shearwater Capital will provide a complete copy of its Code of Ethics to any client upon request.</p>	
Page 6, Item #12	<p>Accounts are established in the clients' names. Shearwater Capital has discretionary trading privileges for each account including the selection of securities and the amount of securities to be bought or sold. Shearwater Capital recommends broker-dealers with low transaction costs and efficient executions. However, the client may select another broker-dealer. 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.</p> <p>Shearwater Capital expects custodial and brokerage firms to meet minimum requirements for operational efficiency; therefore, not all firms may be accepted by Shearwater Capital. Clients interested in Shearwater Capital's services should contact the firm before providing paperwork to ensure their custodian and broker of choice meets these requirements. However, clients should not assume that Shearwater Capital's acceptance indicates approval of any firm or that Shearwater Capital has reviewed the financial strengths or integrity of such companies. Clients should evaluate their choice of custodian and/or broker, including reviewing the transaction costs or fees charged for the overall services received based on the amount of transactions in the account.</p>	

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

**Schedule F of  
Form ADV  
Continuation Sheet for Form ADV Part II**

Applicant: Shearwater Capital LLC	SEC File Number: 801- 66575	Date: 02.04.2008
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(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: Shearwater Capital LLC		IRS Empl. Ident. No.: 43-1856252
Item of Form (identify)	Answer	
Page 6, Item #13	<p>Shearwater Capital cannot guarantee that the transactions costs of its recommended broker-dealers are lower than the transaction costs offered by other broker-dealers. Clients should also be aware that the price the client pays or receives for a security may be better or worse than the price paid or received by other clients who utilize different brokers. Clients may at any time direct Shearwater Capital in writing to sell such assets or take such other lawful actions as client may specify to effect compliance with client's investment objectives. Clients may notify Shearwater Capital in writing at any time not to invest any funds in an account in specific securities, and the firm shall, as soon as is practicable, follow these instructions. The firm shall at its sole discretion have the opportunity to confirm or clarify such instructions with the client, or the client's authorized third party, prior to executing said instructions.</p> <p>Shearwater Capital may give advice and take action with respect to any of its clients that may differ from advice given or the timing or nature of action taken with respect to a particular client so long as it is Shearwater Capital's policy, to the extent practicable and within the respective strategy's guidelines, to allocate investment opportunities to the client over a period of time on a fair and equitable basis relative to other clients.</p> <p><b>PAYMENT OF REFERRAL FEES</b></p> <p>Shearwater Capital may from time to time compensate, either directly or indirectly, any person (defined as a natural person or a company), including CPA firms, for client referrals. Shearwater Capital is aware of the special considerations promulgated pursuant to Rule 206(4)-3 under the Investment Advisers Act of 1940. As such, appropriate disclosure shall be made, all written instruments will be maintained by Shearwater Capital and all applicable Federal and/or State laws will be observed. The payment of a finder's fee by Shearwater Capital to a third party will have no effect on the fee charged to the client.</p>	

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