

FORM ADV

Uniform Application for Investment Adviser Registration

Part II - Page 1

OMB APPROVAL	
OMB Number:	3235-0049
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Name of Investment Adviser: Shearwater Capital LLC					
Address: (Number and Street)	(City)	(State)	(Zip Code)	Area Code:	Telephone number:
8304 Kingsbury Blvd.	Saint Louis	MO	63105	(314)	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.

Applicant:
Shearwater Capital LLC

SEC File Number:
801- 66575

Date:
01.12.2010

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 | 90 | % |
| <input checked="" type="checkbox"/> | (2) Manages investment advisory accounts not involving investment supervisory services | 10 | % |
| <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 checked="" 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:
 - (1) broker-dealer
 - (2) investment company
 - (3) other investment adviser
 - (4) financial planning firm
 - (5) commodity pool operator, commodity trading adviser or futures commission merchant
 - (6) banking or thrift institution
 - (7) accounting firm
 - (8) law firm
 - (9) insurance company or agency
 - (10) pension consultant
 - (11) real estate broker or dealer
 - (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.

10. Conditions for Managing Accounts. Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services *and* impose a minimum dollar value of assets or other conditions for starting or maintaining an account?

Yes No

(If yes, describe on Schedule F)

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

A. Describe below the reviews and reviewers of the accounts. **For reviews**, include 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.

Applicant:
Shearwater Capital LLC

SEC File Number:
801-66575

Date:
01.12.2010

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: 01.12.2010
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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>INVESTMENT SUPERVISORY SERVICES</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>>\$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: 01.12.2010
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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>GENERAL INFORMATION ON SERVICES AND FEES</p> <p>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>	

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

Applicant: Shearwater Capital LLC	SEC File Number: 801-66575	Date: 01.12.2010
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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>TYPES OF INVESTMENTS 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>SECURITIES ANALYSIS METHODS, SOURCES OF INFORMATION, AND INVESTMENT STRATEGIES 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
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Continuation Sheet for Form ADV Part II**

Applicant: Shearwater Capital LLC	SEC File Number: 801-66575	Date: 01.12.2010
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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>	

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

Applicant: Shearwater Capital LLC	SEC File Number: 801-66575	Date: 01.12.2010
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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>CODE OF ETHICS</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: 01.12.2010
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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>PAYMENT OF REFERRAL FEES 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).

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

Applicant:	SEC File Number: 801-	Date:
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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:		IRS Empl. Ident. No.:
Item of Form (identify)	Answer	

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

**Schedule G of
Form ADV
Balance Sheet**

Applicant:	SEC File Number: 801-	Date:
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(Answers in Response to Form ADV Part II Item 14.)

1. Full name of applicant exactly as stated in Item 1A of Part 1 of Form ADV:	IRS Empl. Ident. No.:
Instructions	
1. The balance sheet must be: A. Prepared in accordance with generally accepted accounting principles B. Audited by an independent public accountant C. Accompanied by a note stating the principles used to prepare it, the basis of included securities, and any other explanations required for clarity.	
2. Securities included at cost should show their market or fair value parenthetically.	
3. Qualifications and any accompanying independent accountant's report must conform to Article 2 of Regulation S-X (17 CFR 210.2-01 et. seq.).	
4. Sole proprietor investment advisers: A. Must show investment advisory business assets and liabilities separate from other business and personal assets and liabilities B. May aggregate other business and personal asset and liabilities unless there is an asset deficiency in the total financial position.	

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

Applicant:

SEC File Number:

Date:

801-

(for sponsors of wrap fee programs)

Name of wrap fee program or programs described in attached brochure:

1. **Applicability of Schedule.** This Schedule must be completed by applicants that are compensated under a wrap fee program for sponsoring, organizing, or administering the program, or for selecting, or providing advice to clients regarding the selection of, other investment advisers in the program ("sponsors"). A wrap fee program is any program under which a specified fee or fees not based directly upon transactions in a client's account is charged for investment advisory services (which may include portfolio management or advice concerning the selection of other investment advisers) and execution of client transactions.

2. **Use of Schedule.** This Schedule sets forth the information the sponsor must include in the wrap fee brochure it is required to deliver or offer to deliver to clients and prospective clients of its wrap fee programs under Rule 204-3 under the federal Advisers Act and similar rules of jurisdictions. The wrap fee brochure prepared in response to this Schedule must be filed with the Commission and the jurisdictions as part of Form ADV by completing the identifying information on this Schedule and attaching the brochure. Brochures should be prepared separately, not on copies of this Schedule. Any wrap fee brochure filed with the Commission as part of an amendment to Form ADV shall contain in the upper right corner of the cover page the sponsors' registration number (801 -).

3. **General Contents of Brochure.** Unlike Parts I and II of this form, this Schedule is not organized in "check-the-box" format. These instructions, including the requests for information in Item 7 below, should not be repeated in the brochure. Rather, this Schedule describes minimum disclosures that must be made in the brochure to satisfy the sponsor's duty to disclose all material facts about the sponsor and its wrap fee programs. **Nothing in this Schedule relieves the sponsor from any obligation under any provision of the federal Advisers Act or rules thereunder, or other federal or state law to disclose information to its advisory clients or prospective advisory clients not specifically required by this Schedule.**

4. **Multiple Sponsors.** If two or more persons fall within the definition of "sponsor" in Item I above for a single wrap fee program, only one such sponsor need complete the Schedule. The sponsors may choose among themselves the sponsor that will complete the Schedule.

5. **Omission of Inapplicable Information.** Any information not specifically required by this Schedule that is included in the brochure should be applicable to clients and prospective clients of the sponsor's wrap fee programs. If the sponsor is required to complete this Schedule with respect to more than one wrap fee program, the sponsor may omit from the brochure furnished to clients and prospective clients of any wrap fee program or programs information required by this Schedule that is not applicable to clients or prospective clients of that wrap fee program or programs. If a sponsor of more than one wrap fee program prepares separate wrap fee brochures for clients of different programs, each brochure must be filed with the Commission and the jurisdictions attached to a separate copy of this Schedule. Each such brochure must state that the sponsor sponsors other wrap fee programs and state how brochures for those programs may be obtained.

6. **Updating.** Sponsors are required to file an amendment to the brochure promptly after any information in the brochure becomes materially inaccurate. Amendments may be made by use of a "sticker", i.e., a supplement affixed to the brochure that indicates what information is being added or updated and states the new or revised information, as long as the resulting brochure is readable. Stickers should be dated and should be incorporated into the text of the brochure when the brochure itself is revised.

7. **Contents of Brochure.** Include in the brochure prepared in response to this Schedule:

(a) on the cover page, the sponsor's name, address, telephone number, and the following legend in bold type or some other prominent fashion:

This brochure provides clients with information about [name of sponsor] and the [name of program or programs] that should be considered before becoming a client of the [name of program or programs]. This information has not been approved or verified by any governmental authority.

(b) a table of contents reflecting the subject headings in the sponsor's brochure.

(c) the amount of the wrap fee charged for each program or, if fees vary according to a schedule established by the sponsor, a table setting forth the fee schedule, whether such fees are negotiable, the portion of the total fee (or the range of such amounts) paid to persons providing advice to clients regarding the purchase or sale of specific securities under the program ("portfolio managers"), and the services provided under each program (including the types of portfolio management services);

**Schedule H of
Form ADV
Page 2**

Applicant:	SEC File Number: 801-	Date:
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- (d) a statement that the program may cost the client more or less than purchasing such services separately and a statement of the factors that bear upon the relative cost of the program (*e.g.*, the cost of the services if provided separately and the trading activity in the client's account);
- (e) if applicable, a statement that the person recommending the program to the client receives compensation as a result of the client's participation in the program, that the amount of this compensation may be more than what the person would receive if the client participated in other programs of the sponsor or paid separately for investment advice, brokerage, and other services, and that the person may therefore have a financial incentive to recommend the wrap fee program over other programs or services;
- (f) a description of the nature of any fees that the client may pay in addition to the wrap fee and the circumstances under which these fees may be paid (including, if applicable, mutual fund expenses and mark-ups, mark-downs, or spreads paid to market makers from whom securities were obtained by the wrap fee broker);
- (g) how the program's portfolio managers are selected and reviewed, the basis upon which portfolio managers are recommended or chosen for particular clients, and the circumstances under which the sponsor will replace or recommend the replacement of the portfolio manager;
- (h) (1) if applicable, a statement to the effect that portfolio manager performance information is not reviewed by the sponsor or a third party and/or that performance information is not calculated on a uniform and consistent basis,

(2) if performance information is reviewed to determine its accuracy, the name of the party who reviews the information and a brief description of the nature of the review,

(3) a reference to any standards (*i.e.*, industry standards or standards used solely by the sponsor) under which performance information may be calculated;
- (i) a description of the information about the client that is communicated by the sponsor to the client's portfolio manager, and how often or under what circumstances the sponsor provides updated information about the client to the portfolio manager;
- (j) any restrictions on the ability of clients to contact and consult with portfolio managers;
- (k) in narrative text, the information required by Items 7 and 8 of Part II of this form and, as applicable to clients of the wrap fee program, the information required by Items 2, 5, 6, 9A and C, 10, 11, 13 and 14 of Part II;
- (l) if any practice or relationship disclosed in response to Item 7, 8, 9A, 9C and 13 of Part II presents a conflict between the interests of the sponsor and those of its clients, explain the nature of any such conflict of interest; and
- (m) if the sponsor or its divisions or employees covered under the same investment adviser registration as the sponsor act as portfolio managers for a wrap fee program described in the brochure, a brief, general description of the investments and investment strategies utilized by those portfolio managers.

8. Organization and Cross References. Except for the cover page requirements in Item 7(a) above, information contained in the brochure need not follow the order of the items listed in Item 7. However, the brochure should not be organized in such a manner that important information called by the form is obscured.

Set forth below the page(s) of the brochure on which the various disclosures required by Item 7 are provided.

	<i>Page(s)</i>		<i>Page(s)</i>		<i>Page(s)</i>	
Item	7(a)	cover	Item	7(f)	Item	7(j)
	#7(b)			#7(g)		#7(k)
	#7(c)			#7(h)		#7(l)
	#7(d)			#7(i)		#7(m)
	#7(e)					