

Item 1: Cover Page

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This brochure provides information about the qualifications and business practices of Shih Investments. If you have any questions about the contents of this brochure, please contact us at 425-954-5777. 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 Shih Investments also is available on the SEC's website at www.adviserinfo.sec.gov. The designation of "registered investment adviser" does not imply a certain level of skill or training.

Item 2: Material Changes

There are no material changes from the last version of the ADV part 2.

We recommend that clients read item 8, which discusses the risk you take by investing with Shih Investments, and our warnings about the type of clients that may not be suited for our investment advisory.

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Item 4: Advisory Business

Shih Investments manages investments for individuals, on a discretionary basis, according to a value investing approach. Investments will be made directly in the client's online brokerage account. Investments will consist primarily of equity and debt securities. Contracts are not transferable or assignable to other investment managers without client consent. Shih Investments began managing investments in the second quarter of 2009.

Our advisory services are not tailored towards the specific needs of clients; rather, we adopt an "eat-your-own-dogfood" approach where clients have similar portfolios to the portfolio manager. Thus we encourage clients and potential clients to carefully review item 8 which describes some of the risks you are taking when investing with us. By default, we do not use margin, shorting or options; but the client may instruct us if they wish for us to use those.

As of January 8, 2013, Shih Investments manages approximately \$14 million of client assets on a discretionary basis, and no assets on a non-discretionary basis.

Item 5: Fees and Compensation

Our fees for investment management services will be calculated and paid in accordance with the information below, or as negotiated. Lower fees for comparable services may be available from other sources. Clients are billed in arrears. Shih Investments does not accept compensation for the sale of securities.

Shih Investments does not earn fees outside of the fees listed here; however, the client does pay normal brokerage fees to Schwab.

A "qualified client" is defined by SEC Rule 205-3. For purposes of this agreement, this means a natural person with either an individual or joint net worth over more than \$2,000,000 excluding the value of their home.

If client is not qualified, they will pay us for our investment management services a quarterly management fee. That fee will equal 0.5% (2% annually) of the average of the daily closing market values of the securities in your account (excluding cash and/or money market funds). In the event client does not engage our services for an entire quarter, fees will be prorated.

Client may choose between direct billing from Custodian accounts or billing through invoices. If client chooses the invoice method, interest will accrue on fees not paid within 30 days after issuance of our invoice at the rate of 1.5% per month or the maximum rate permitted by applicable law, whichever is less.

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

If client is qualified, they will pay us for our investment management services a management fee equal to 20% of the amount by which the annual increase in value of securities in the Portfolio (valued in accordance with Paragraph 7 of this letter agreement) in any calendar year (or portion thereof in the year this letter agreement becomes effective and the year this letter agreement is terminated) exceeds a “high-water mark.” The high-water mark for each year is the sum of any fees you paid in that calendar year, plus 104% of the greater of A) the previous year’s high-water mark and B) the previous year’s ending Portfolio balance. If the value of securities in the Portfolio declines over the course of any calendar year, client will not owe a management fee for that year.

Client may choose between direct billing from Custodian accounts or billing through invoices. If client chooses the invoice method, interest will accrue on fees not paid within 30 days after issuance of our invoice at the rate of 1.5% per month or the maximum rate permitted by applicable law, whichever is less.

Item 7: Types of Clients

Shih Investments generally provides investment advice to individuals. There is no minimum account size to open or maintain an account.

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

Shih Investments generally adopts a long-term, concentrated, value-oriented strategy, primarily focusing on individual stocks. Preferred investments are companies with strong fundamental financial metrics and good competitive moats.

Shih Investments takes extremely concentrated positions, primarily in stocks, which exposes clients to the risk of a material loss if one of those positions should fall. The portfolio can be very volatile at times. It is possible that a material loss can happen even if the broader market has gained in value.

Shih Investments does not heavily tailor its holdings by client; most clients’ portfolios will reasonably similar portfolios to each other and to the portfolio manager. Thus, if clients are uncomfortable with extremely concentrated stock portfolios and/or are uncomfortable sustaining losses that may be material, they should not be investing with us.

Shih Investments generally picks long-term investments which means clients that will need to liquidate portions of their accounts within a year should not be investing with us.

Item 9: Disciplinary Information

Shih Investments has no legal or disciplinary events.

Item 10: Other Financial Industry Activities and Affiliations

Shih Investments does not have activities or affiliations with the financial industry. Shih Investments is not registered with, and has no pending applications, as a broker-dealer, futures commission merchant, commodity pool operator, or commodity trading advisor. Shih Investments does not have any financial industry relationships or arrangements that are material to our advisory business.

Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

A copy of our Code of Ethics is available to clients upon request.

Shih Investments views its clients as partners that have entrusted their money with us. We ascribe to an "eat your own dogfood" approach to the business which aligns our financial interests with our clients'. Investment managers will generally make block trades where personal ownership mirrors client's ownership (and with block trades, we will give equal to or better pricing to clients as compared to personal accounts). This alignment ensures that we only make transactions and behave in a way that is in our client's best interests. We recognize and treasure the fiduciary responsibility we have towards clients, and always put their interests first.

In general, clients can expect that the investment manager, Lawrence Shih, will own similar securities in his personal accounts to the ones the manager is buying/recommending for the clients. All trades for client accounts will be made prior to trades in personal accounts, except when block trades are made where the client receives the same or better prices than personal accounts. The investment manager is under no obligation to change his positions based on transactions made on behalf of clients. Shih Investments only places transactions through third-party, unaffiliated brokers.

We have disclosed all material conflicts of interest regarding the investment advisor, its representatives and/or any of its employees which could be reasonably expected to impair the rendering of unbiased and objective advice.

Item 12: Brokerage Practices

Shih Investments generally requires that clients use Schwab brokerage, though exceptions may be made for large accounts. Not all advisors require that their client use a specific brokerage. Shih Investments does not receive compensation, financial or soft-dollar, from Schwab in return for recommending their brokerage.

Because we require clients to use Schwab brokerage, we might not always achieve the most favorable executions for client accounts, and this may cost clients more money.

For transactions involving several accounts, Shih Investments generally tries to perform a block trades which are then divided among several accounts. We do this both to reduce trading fees paid by the client, and to get similar prices across accounts for transactions.

Item 13: Review of Accounts

Shih Investments encourages existing and potential clients to review item 8, pertaining to the risks of loss when investing with us.

Shih Investments (specifically Lawrence Shih, the owner/manager of Shih Investments) generally will have a phone conversation with prospective clients prior to joining to ascertain whether they are a good fit. Clients should only join if they can leave their money invested for a period of a year or more, and if they fully understand that their account may lose value.

Shih Investments (specifically Lawrence Shih, the owner/manager of Shih Investments) will also review accounts every three years to see if they are a continued fit with our investment strategy. A review can also be initiated by the client, or if Shih Investments does not believe its client's needs are fully being met.

Shih Investments sends out a quarterly written newsletter to clients that describes our opinion of the investment climate, general investing strategies and/or describes positions bought or sold.

Schwab brokerage, the custodian for Shih Investments, sends monthly written statements to clients informing them of their balances and positions. In addition, Schwab can notify clients of any trades places on their behalf. Clients may access current account balances and positions via the website at any time.

Item 14: Client Referrals and Other compensation

Shih Investments does not compensate or receive compensation for client referrals.

Item 15: Custody

Shih Investments does not take custody of client accounts. Generally, the custodian for your accounts will be Charles Schwab and clients should compare invoices and performance data supplied by Shih Investments with the monthly statements provided by Charles Schwab.

Item 16: Investment Discretion

Shih Investments accepts discretionary authority to manage securities accounts on behalf of clients. Clients may impose the following limitations on our authority: no use of margin and/or no use of options.

In order to give Shih Investments discretionary authority, one must first sign our standard contracts and then execute a limited power of attorney with Charles Schwab Institutional over the accounts they wish us to invest on their behalf.

Item 17: Voting Client Securities

Clients can, at their discretion, authorize Shih Investments to direct the voting policies of their securities. If the client authorizes us, we will vote in a manner that is in the best interests of clients, including in situations where a conflict of interest arises between ourselves and the client. Clients may contact us by email if they wish to know how we voted with respect to their securities. If client gives us the discretion to vote, they do not have the ability to direct our vote on solicitations.

The client can also, at their discretion, choose to vote their securities. Proxies and other solicitations will arrive directly from their custodian. If client chooses to vote their own securities, they may contact us via email with questions about particular solicitations.

Item 18: Financial Information

Shih Investments does not require or solicit prepayments for services. We do not foresee any financial condition that would impair our ability to meet contractual commitments to clients.

Item 19: Requirements for State-Registered Advisers

EDUCATIONAL AND BUSINESS BACKGROUNDS

Lawrence W. Shih (born 1974, CRD 149729), Manager/Owner of Shih Investments LLC

Education:

- . University of Michigan, BS Biophysics, 1996
- . Stanford University, MS Computer Science, 1998
- . Massachusetts Institute of Technology, PhD Computer Science, 2004

Employment:

- . Software Engineer, Google Inc, 2006-2009
- . Software Engineer, Netflix Inc, 2004-2006