

FORM ADV
Part II - Page 1 **Uniform Application for Investment Adviser Registration**

OMB APPROVAL	
OMB Number:	3235-0049
Expires:	November 30, 2005
Estimated average burden hours per response.....	9.402

Name of Investment Adviser: John Shao Portfolio Management, Inc.						
Address:	(Number and Street)	(City)	(State)	(Zip Code)	Area Code:	Telephone Number:
	3205 N.W. 63rd Street	Oklahoma City, OK		73116	(405)	810-0677

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: John Shao Portfolio Management, Inc.	SEC File Number: 801-	Date: 10/03/2003
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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:

- (1) Provides investment supervisory services 95 %
- (2) Manages investment advisory accounts not involving investment supervisory services %
- (3) Furnishes investment advice through consultations not included in either service described above 5 %
- (4) Issues periodicals about securities by subscription %
- (5) Issues special reports about securities not included in any service described above %
- (6) Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities %
- (7) On more than an occasional basis, furnishes advice to clients on matters not involving securities %
- (8) Provides a timing service %
- (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)

- (1) A percentage of assets under management (4) Subscription fees
- (2) Hourly charges (5) Commissions
- (3) Fixed fees (not including subscription fees) (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)

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

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

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

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

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

- (1) Charting (4) Cyclical
- (2) Fundamental (5) Other (explain on Schedule F)
- (3) Technical

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

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

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

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

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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
- formal education after high school
- year of birth
- 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.)

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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 No <input checked="" type="checkbox"/> <input type="checkbox"/>
(2) amount of the securities to be bought or sold?	Yes No <input checked="" type="checkbox"/> <input type="checkbox"/>
(3) broker or dealer to be used?	Yes No <input type="checkbox"/> <input checked="" type="checkbox"/>
(4) commission rates paid?	Yes No <input type="checkbox"/> <input checked="" type="checkbox"/>

B. Does applicant or a related person suggest brokers to clients?

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 products 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?

B. directly or indirectly compensates any person for client referrals?

(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; 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?

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

Applicant:
John Shao Portfolio Management, Inc.

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Item of Form (identify)	Answer																										
Part II, Page 2, Item #1.D.	<p>John Shao Portfolio Management, Inc. provide investment advisory and portfolio management services to clients as described below: Asset Allocation and Investment Policy Investment Advice and Portfolio Management Investment Performance Monitoring and Reporting</p> <p>Standard Fees Schedule (effective 10/01/2003)</p> <table border="1"> <thead> <tr> <th>Portfolio Value</th> <th>Annual Fee Percentage</th> </tr> </thead> <tbody> <tr> <td>Minimum Annual Fee -----</td> <td>\$5,000.00</td> </tr> <tr> <td>Under \$250,000 -----</td> <td>\$5,000.00</td> </tr> <tr> <td>From \$250,001 to \$1,000,000 -----</td> <td>1.75%</td> </tr> <tr> <td>From \$1,000,001 to \$3,000,000 -----</td> <td>1.50%</td> </tr> <tr> <td>From \$3,000,001 to \$5,000,000 -----</td> <td>1.25%</td> </tr> <tr> <td>Over \$5,000,000 -----</td> <td>Use Institutional Fee Schedule</td> </tr> </tbody> </table> <p>Initial Portfolio Construction Fee ----- 0.5% of Portfolio Minimum Portfolio Construction Fee ----- \$1,250.00</p> <p>Institutional Fee Schedule (effective 10/01/2003) No Initial Portfolio Construction Fee</p> <table border="1"> <tbody> <tr> <td>Minimum Annual Fee -----</td> <td>\$73,125.00</td> </tr> <tr> <td>Under \$5,000,000 -----</td> <td>\$73,125.00</td> </tr> <tr> <td>From \$5,000,001 to \$10,000,000 -----</td> <td>1.00%</td> </tr> <tr> <td>From \$10,000,001 to \$20,000,000 -----</td> <td>0.75%</td> </tr> <tr> <td>Over \$20,000,000 -----</td> <td>0.50%</td> </tr> <tr> <td>Performance Bonus of Gain Above S&P 500 Index -----</td> <td>20%</td> </tr> </tbody> </table> <p>All fees are payable quarterly in arrears. Fees are billed on a pro-rata basis if advisory contract is terminated during the quarter. Portfolio assets include all securities under management.</p>	Portfolio Value	Annual Fee Percentage	Minimum Annual Fee -----	\$5,000.00	Under \$250,000 -----	\$5,000.00	From \$250,001 to \$1,000,000 -----	1.75%	From \$1,000,001 to \$3,000,000 -----	1.50%	From \$3,000,001 to \$5,000,000 -----	1.25%	Over \$5,000,000 -----	Use Institutional Fee Schedule	Minimum Annual Fee -----	\$73,125.00	Under \$5,000,000 -----	\$73,125.00	From \$5,000,001 to \$10,000,000 -----	1.00%	From \$10,000,001 to \$20,000,000 -----	0.75%	Over \$20,000,000 -----	0.50%	Performance Bonus of Gain Above S&P 500 Index -----	20%
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Performance Bonus of Gain Above S&P 500 Index -----	20%																										
Part II, Page 4, Item #5	<p>The applicant is owned by John Shao, Ph.D., CFA Those involved with portfolio management and client advising service would be required to have college degrees in business related fields and professional credentials.</p>																										
Part II, Page 4, Item #6	<p>John Shao, Ph.D., CFA, President and Chief Investment Strategist; Born in 1963 President and Owner of John Shao Portfolio Management, Inc. since 1992 Education: Ph.D. in Finance and M.S. in Statistics from Virginia Polytechnic Institute and State University; M.A. in International Business from University of Texas at Dallas; B. Engineering from TsingHua University, Beijing, China</p> <p>Larry Compton Vice President for Corporate Development and Administration since September 2003 Born in 1957 Education: B.S. in Accounting and MBA in Finance from Oklahoma City University Certified Public Accountant</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:
John Shao Portfolio Management, Inc.

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Item of Form (identify)	Answer
Part II, Page 4, Item #7	John Shao is Associate Professor of Finance at Oklahoma City University
Part II, Page 5, Item #9	Officers of the applicant may hold investments in securities recommended to clients in their personal or family accounts. Ownership of such securities will be disclosed to a client when requested. Such ownership will not be sufficient to influence prices or adversely affect a client's position or purchase of any recommended security.
Part II, Page 6, Item #12 A	<p>All clients will give limited power of attorney to the applicant on their accounts under the management of the applicant. The limited power of attorney allows the applicant to do trading on behalf of the clients.</p> <p>The applicant's power of attorney is limited to trading of securities and debiting of management fees from the accounts. In some situations, the applicant may notify the clients first on the planned trades and obtain written or oral permission. Once the permission is obtained, the applicant can execute the trades.</p>
Part II, Page 6, Item #12 B.	<p>Applicant is party to arrangements with Charles Schwab and Co. (Schwab) to provide custodian and brokerage services for applicant's clients. The applicant receives no compensation from Schwab but is provided transaction information and trading services that benefits the clients at no costs. Clients may be required to pay transaction commissions to Schwab. Any discounts off posted fee or commission schedules are passed directly to clients. Currently, all clients of the applicant pay the same commission schedule to Schwab.</p> <p>Specific brokers are recommended to clients based on transaction costs, speed of executions, and service capabilities to clients. Schwab is the currently recommended broker due to heretofore explained requirements. Clients are free to choose any broker of their preference.</p>
Part II, Page 6, Item #13 B.	The applicant may enter referral arrangement with solicitors and pay solicitors a one time referral fee up to 0.35% of the assets from the clients referred to the applicant. The clients referred to the applicant by solicitors will pay the same management fee schedule to the applicant and commission schedule to custodian and broker as clients from other sources do

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:

Date:

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(Answers for Form ADV Part I Item 8.)

1. This Schedule requests information on the owners and executive officers of the applicant.	
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. Qualification and any accompanying independent accountant's report must conform to Article 2 of Regulation S-X (17CFR 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 assets 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).

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(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 the 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 hand corner of the cover page the sponsor's 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 1 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 prepared 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. Amendment 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);

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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 for 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.

	Page(s)		Page(s)		Page(s)
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)					