

Item 1 – Cover Page



## Seascope Capital Management, LLC

CRD # 126928

99 Bow Street, Suite 300 East  
Portsmouth, NH 03801  
603 964-4480

*www.Seascope-Capital.com*

August 2011

We at Seascope Capital Management, LLC have written this brochure to assist you in evaluating our qualifications, business practices, and commitment to our fiduciary responsibility. We also want to make sure you understand the risks inherent in investing in the securities markets in general and with investment advisory firms in particular. If you have any questions about the contents of this Brochure, please contact us at 603 964-4480 or [info@seascope-capital.com](mailto:info@seascope-capital.com). Please know that the information in this Brochure has not been approved or verified by either the U.S. Securities and Exchange Commission or by any state securities authority.

Seascope is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. Thus, we encourage you to review our Brochure and other writings carefully and to meet with us in person. Through both written and verbal

communication, we hope to provide you with information to help you determine whether to hire and retain us an Adviser.

Additional information about us also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

Thank you for taking the time to get to know our firm by reading this Brochure. Our Brochure is newly created for you in compliance with U.S. Securities and Exchange Commission rules issued July 28, 2010. It's a very different format than in the past, and, until the rule changes again, it will include this section. Since this is the first year of this new Brochure, there are no material changes to report. However, under the new rules, each year we will send our clients an updated Brochure. If anything material to our existing or prospective clients does change, we will let you know in this section. In an effort to be environmentally conscientious, we will deliver it electronically to those clients that allow us to do so.

If an event occurs that we feel is too important to wait for our regular annual update, we will revise our Brochure sooner.

You can request the most recent copy of our Brochure without charge at any time by calling Suzanne Johnson at 603 964-4480, emailing [info@Seascape-Capital.com](mailto:info@Seascape-Capital.com), or visiting our website [www.Seascape-Capital.com](http://www.Seascape-Capital.com).

### Item 3 -Table of Contents

Item 1 – Cover Page.....	i
Item 2 – Material Changes .....	ii
Item 3 -Table of Contents.....	iii
Item 4 – Advisory Business .....	1
Item 5 – Fees and Compensation .....	4
Item 6 – Performance-Based Fees and Side-By-Side Management.....	5
Item 7 – Types of Clients .....	6
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	6
Item 9 – Disciplinary Information .....	8
Item 10 – Other Financial Industry Activities and Affiliations.....	8
Item 11 – Code of Ethics.....	9
Item 12 – Brokerage Practices .....	10
Item 13 – Review of Accounts .....	13
Item 14 – Client Referrals and Other Compensation .....	14
Item 15 – Custody .....	14
Item 16 – Investment Discretion .....	15
Item 17 – Voting Client Securities .....	15
Item 18 – Financial Information.....	15

Brochure Supplement(s)

## Item 4 – Advisory Business

### Who We Are

We are a boutique investment advisory firm serving high net worth individuals and their families with discretionary investment management services. James W. McCarthy, CFP, CIMA, founded Seascope in April 2003 as sole principal and continues as the majority owner of the company. Monica Ann Ness, CFA joined in April 2005 and became a minority owner in 2007. We are independent firm. We consider this business structure crucial to serving the wealth management needs of our clients.

### What We Do

We offer a number of advisory services. Our primary business is built on discretionary portfolio management services. However, we believe that investment management is most effectively delivered within the context of a client's greater wealth picture. So, before we begin constructing a portfolio, we start with an extensive interview process to make sure we consider all relevant aspects of a client's net worth. Then we create investment plans, retirement plans, or financial plans as appropriate. Occasionally, implementation of these plans will require selection of an outside manager (i.e.; a commodities fund manager) for an area of expertise we haven't developed in house. Many of our clients are business owners or executive management so we also try to incorporate the risks and opportunities that their livelihoods entail into these strategies.

A much smaller part of our business is the management of a private fund for "accredited" investors as defined in Item 6 below.

Nearly all our services incorporate elements of quantitative analysis and qualitative judgement. Let us discuss both of these approaches—first in the context of investment planning and then in that of discretionary portfolio management.

### Personalized Investment Planning

We start with tools that incorporate historical and forecasted risk and return relationships for numerous asset classes (stocks, bonds, alternative investments, etc.) to craft plans for our clients. These are based on how different assets' returns are correlated over time and how volatile those returns have been and are likely to be. We pair these with an assessment of our clients feel about uncertainty, their earnings power, their income needs, and their priorities in life. Finding the best asset allocation plan involves formulas, assumptions, and rules that theoretically produce a longer term ideal mix of assets for a client's personal level of risk as well as a probable rate of return. We consider thousands of scenarios and combinations of holdings to get this right. This is the quantitative part of planning, and it provides a useful starting point.

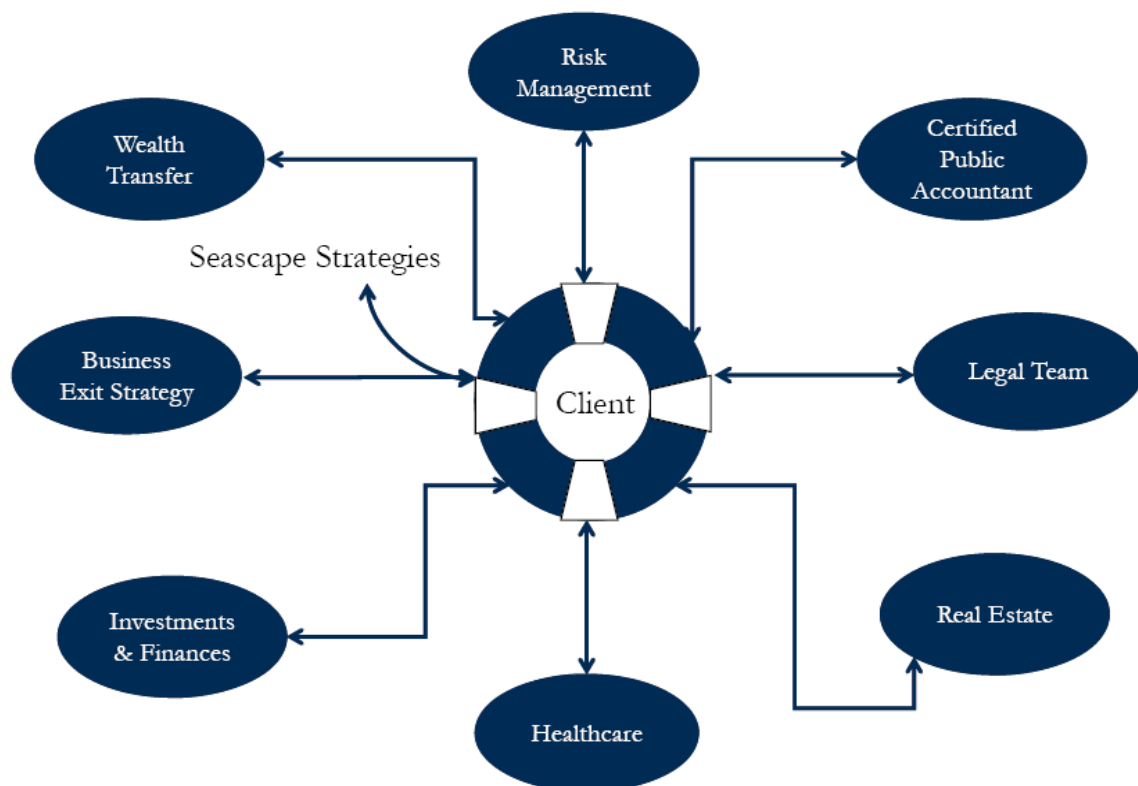
However, there are almost always elements of a client's situation that simply cannot be captured by math. Similarly, long term historical returns may have little relation to the short term. So there are disadvantages to strategies that aren't tailored to a client's individual needs and risks to ignoring the short term state of the market and economy.

To address the market risk, we use our decades of experience working with clients and analyzing market research to make shorter term tactical adjustments to these plans in an effort to make them more realistic and more suitable for our clients. We believe there is a great advantage to combining tested theory with empirical judgement. However, as with any decision, we could be wrong and cause a client's portfolio to under perform.

To make sure we create a plan and portfolio for our clients that best suits their needs, we complete an extensive interview process and make every effort to stay in touch with them throughout our relationship with them.

We can accommodate clients that may come to use with specific restrictions regarding buying or selling certain individual securities.

Often, in the process of getting to know our clients, we identify very complex wealth management needs. In these situations, a comprehensive strategy for them may require professional services outside of our areas of expertise. Graphically, the coordination and integration of wealth management services looks like this:



For example, we are not attorneys but have identified opportunities for preserving wealth after reviewing clients' estate documents. In these cases, we may recommend the client meet with their attorney to have their estate documents updated or may refer the client to an attorney if appropriate. We firmly believe helping our clients preserve and direct their assets by making optimum use of estate planning tools is as important as the management of the investments that make up those assets.

### Investment Management

Quantitative analysis, when it refers to security selection, means we focus first on objective measurements of financial ratios and estimates to identify attractively priced investments. The specific data we look at is proprietary but can be categorized into fundamental accounting measures, earnings information, and technical rules. Common fundamental accounting ratios include Price/Earnings, Price/Book, or Price/Cash Flow measurements. Earnings information might include estimates of growth, changes in estimates, or reported versus expected earnings. Technicals involve numerous models of stock price and trading volume measures. We combine elements of all of these to objectively rank a universe of potential investment candidates to find the ones we believe have the most potential for growth. The advantage of this type of analysis is that it greatly increases the number of securities we can effectively consider and strips away biases that may have prevented a security's consideration in the first place. The risk of this process, in absence of other considerations, is that it doesn't consider macro economics or conditions that mere numbers might not reflect.

Qualitative judgement needs explanation here only so you can understand how it colors the quantitative process described above. Each of our principals has over 25 years experience in investments, and we apply that experience as an overlay to make sure that our calculations make sense in the context of what is going on with a company or the investment world in general. For example, we review corporate filings and news on a company to insure there are no mergers, spin offs, or management changes that would alter the the character of what the numbers appear to tell us. Similarly, our economic or market analysis may lead us to increase or decrease holdings in a specific industry or sector regardless of a company's numerical ranking. The advantage of investing this way is that, if we are correct, we add value by taking subjective risks into account and attempting to mitigate them. The disadvantage, as with all decisions based on judgement, is that there is no guarantee we'll be right.

### Wrap Fee Programs

We do not participate in any wrap fee programs.

## Assets Under Management

As of February 28, 2011, we managed \$ 81,211,000 on a discretionary basis and \$ 1,017,000 on a non-discretionary basis. The latter amount represents accounts held for clients as a courtesy or convenience.

### Item 5 – Fees and Expenses Compensation

We charge fees according to the schedule outlined in the written agreement with our clients. Here is our standard fee schedule:

<u>Assets Managed</u>	<u>Fee</u>
First \$1,000,000	1.50%
Next \$2,000,000	1.25%
Next \$2,000,000	1.00%
Next \$5,000,000	0.80%
Above \$10,000,000	0.75%

Our minimum annual fee is \$10,000. For purposes of meeting this minimum, we may combine the asset value of related accounts. Likewise, we may negotiate fees to accommodate the specific needs of a particular client.

We calculate fees as a percentage of the market value of all assets exclusive of any margin debit balance in the account(s) of our clients on the last day of each calendar quarter for the prospective quarter. Twenty-five (25) percent of the annualized fee is due at that time. We generally bill by directly debiting our clients' accounts, and we ask them to authorize this billing method in our agreement with them as well as in their account applications with their custodian.

We prorate fees for capital added or withdrawn during the applicable calendar quarter (with the exception of de minimis contributions and withdrawals). Similarly, we prorate fees based on the number of days in a quarter for accounts initiated or terminated during a calendar quarter. For example, if there are 91 days in a quarter, and a client's relationship with Seascope terminates on the thirtieth day in that quarter, the refund due is 61/91 (or

67%) of the amount paid for that quarter. Upon termination of any account, we will refund any prepaid fees to the client.

Our fees are exclusive of other fees that clients may incur as a result of investment activity or funds movement in their accounts. Brokerage commissions and trade processing fees are the primary expense of this type. To a lesser extent, clients may incur certain charges imposed by custodians such as wire or electronic fund transfer fees. Mutual funds and exchange traded funds also charge internal management fees. Their fees are disclosed in a fund's prospectus and reduce the total return a client will earn on a given fund.

Please know that we do not receive any portion of the commissions, fees, and costs listed in the preceding paragraph. We encourage clients to review their statements for a full understanding of all fees they may incur.

We describe in Item 12 below the factors we consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

## **Item 6 – Performance-Based Fees and Side-By-Side Management**

We do not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client) to individual clients.

We do manage a private hedge fund for accredited investors that charges performance based fees. The fee is one percent of market value calculated and charged as above. Clients in the fund can only withdraw funds quarterly so there is no provision for prorated rebates of fees. We share in 20 percent of the profits if at the end of the calendar year the value of a client's investment is greater than the larger of (a) their initial investment or (b) the value of their interest at the end of the preceding calendar year.

From a legal standpoint, accredited investors must have a minimum \$1million in net worth or \$200,000 in income for each of the last two years. The fund can, for example, use leverage, sell securities short, hold concentrated or illiquid positions, and generally experience higher levels of trading activity as part of its investment strategy. For these reasons, the risk tolerance and liquidity needs of an investor in the fund are often very different than our typical client. However, there are times when we may hold some of the same securities in both the fund and in our individually managed accounts. This can present a conflict if we want to buy or sell the same security at the same time for both clients. We eliminate any negative effects of the conflict with the following process:



When we do want to buy or sell a security for all clients at the same time, we simply block the orders together and one trader handles the trade. If we can only get a portion of an order done in a day, we use our trading software to allocate the execution either on a pro rata or random basis so we don't favor any one account. (We use this same method to allocate partial executions even if the fund isn't involved so we are always fair to all clients.) If we allocate a trade pro rata, all accounts involved will get some percentage of their portion of the trade. For example, if we want to buy 1 million shares of Apple on Tuesday, and we only get 600,000 shares at the price we are willing to pay, a pro rata allocation would mean that each client involved in the trade would get 60 percent of their order filled. The remaining 40 percent would become a new order for Wednesday. If on the other hand, if we are able to buy 999,500 of our 1 million shares on Tuesday, it is more cost effective for the clients if we use to use the random allocation process built into our software. This method gives complete orders to as many accounts as possible, and creates a new order for the balance of the trade for the next day.

#### **Item 7 – Types of Clients**

We provide portfolio management services to high net worth individuals and their families. The vast majority of our clients own businesses, are high level professionals or are successfully retired individuals. A smaller part of our client base includes a private fund and non profit organizations.

Because we offer comprehensive and often complex strategies to our clients, we request a minimum account value of one million dollars or a minimum fee of ten thousand dollars.

#### **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

All our strategies are built around our client's individual investment plan as we described in Item 4 so allocations to individual asset classes will vary accordingly. We attempt to create the best balance of risk exposure with potential reward in a diversified mix of securities. However, risk is inherent in owning any investment, and stocks, bonds, and alternative investments are no different. All investments can lose value, and sometimes they all go down in price at the same time. While diversification seeks to mitigate this effect, it cannot always prevent it. Investing in securities involves risk of loss that clients should be prepared to bear.

## Equities

We focus on buying stocks with above average growth opportunities at a reasonable price using our proprietary stock selection methodology, SeaPORT™. This highly disciplined (or quantitative) bottom-up approach is driven by evaluating multiple measurements of fundamental soundness, earnings potential, and technical attractiveness. (Please see Item 4, Section B for explanations of Quantitative investing and fundamental and technical factors.) Through objective mathematical methodology, we test and combine these measurements into a score that ranks the stocks in our universe by their potential for return. Our process seeks to find companies with solid earnings growth, financial stability, and excellent returns on equity and capital. We then research beyond the numbers to take into consideration pending mergers, acquisitions, or other events that involve more subjective elements. We couple this with further analysis of technical factors before we buy or sell stocks. Even an undervalued stock can get ahead of itself in price so we attempt to improve our portfolio returns by examining the price movements, volume, and strength of a stock before buying or selling it.

For our more growth-oriented clients, we construct a portfolio for them built around our top ranked stocks. For our clients seeking more predictable returns from their stocks, we generally add an additional requirement -- a dividend yield. We limit holdings in any one sector or industry to reduce industry specific risk. We typically hold around 30 stocks in a portfolio so we are diversified enough to minimize the risk of owning a specific stock yet not so diversified as to dilute the return potential we seek to earn from owning our best ideas. We monitor stocks daily and update our rankings weekly. We are sensitive to capital gains in our management. However, we will sell stocks when we judge their attractiveness due to fundamentals to be less than new opportunities that rank more favorably.

## Bonds

We tailor bond portfolio construction to meet the unique needs of a particular client. We consider factors such as risk tolerance, when the client will need the money (so, how much interest rate risk is appropriate), our client's income tax bracket, whether the bonds will be held in a taxable or tax deferred account, and what the rest of their portfolio looks like.

As we research bonds for the portfolio, we analyze a number of factors including the following:

Credit worthiness and the source of revenue from which the principal and interest will be paid

The issuer's industry

Where the most attractive Inflection points in yield curve (i.e.; how much incremental interest the client can earn for each additional year until the bond matures.)

How attractive a bond's return is versus its peer group and U.S. Treasury bonds

Whether we can identify any mispricing opportunities from due to specific events or anticipation of changes in credit quality

The environment for interest rates, inflation, and our forecasts for both

We consider these factors, as well as others, both initially and on an ongoing basis in our effort to enhance returns.

#### International

We determine Investments in countries outside the United States based on global macroeconomic factors including relative growth opportunities, inflation, interest rates, transparency of markets, and political risk.

### **Item 9 – Disciplinary Information**

As a registered investment adviser, we are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of us or the integrity of our management.

Happily, we have nothing to disclose.

### **Item 10 – Other Financial Industry Activities and Affiliations**

For some clients, having an insured investment as part of their investment plan helps to create an lower overall risk level more appropriate to their individual circumstances.

While insurance to date has only been included in a small percentage of our clients' holdings, it is available to our clients through Jim's affiliation with Envoy Securities. Envoy maintains Jim's insurance licenses, and Jim is a registered representative affiliated with Envoy for this purpose. Our clients who invest in policies sold by Envoy's insurance brokerage incur commissions paid to the broker as determined by the commission schedule of the underwriter of the insurance policy. Thus, Seascope, through Jim, indirectly benefits from these transactions. This affiliation does present a potential conflict. Clients may, of course, purchase these policies from underwriters other than the ones the broker represents.

## **Item 11 – Code of Ethics**

We have adopted a Code of Ethics that applies to everyone at Seascope. Our Code insists on a high standard of business conduct and fiduciary duty to our clients. Every year, we all acknowledge in writing that we have reviewed the Code, and we reaffirm our adherence to it. Its simple summary is as follows:

We will always act solely in our clients' best interests.

We will keep your personal private information confidential unless either you authorize us to do otherwise or its disclosure is required by law.

We will obey the letter and spirit of the law prohibiting trading based on insider information.

We believe in our investment process so we invest alongside our clients. However, we will never buy or sell securities for our personal accounts before buying or selling those same securities for our clients.

We will hold our personal securities accounts at a custodian that can be monitored daily by our compliance officer.

Our clients may request a copy of our Code of Ethics at any time by contacting Suzanne Johnson at [info@seascope-capital.com](mailto:info@seascope-capital.com) or calling 603 964-4480.

We designed our Code of Ethics to assure that our personal securities transactions don't interfere with (i) making decisions in the best interest of our clients or (ii) implementing such decisions while still allowing us to invest our own accounts. We exempt some types of securities, like open-ended mutual funds and certain types of bonds, from these rules since

our personal trades in these securities would not impact and or interfere with the best interest of our clients. Anyone at Seascope who wants to trade a security we own for clients, and prefers not to be part of a blocked trade, must first check with the Compliance officer or (in her absence) the Trader to insure there are no existing trade orders for the same security.

We also require everyone at Seascope have their securities accounts held at a custodian with which we have an institutional relationship so we can monitor trading activity. The only exception to this is accounts that cannot be moved (such as old employer-sponsored retirement accounts where the assets cannot be transferred.)

As stated above in the summary of our Code, we invest alongside our clients so we own many of the same stocks our clients do. To the extent we buy or sell a stock for our own accounts along with our clients, we aggregate the trade for that stock across the account base so all accounts are treated fairly. We use the process described in the last paragraph of Item 6 to make sure that allocations of partially executed orders are also fair.

We don't act as principal or agent to affect trades for our clients so we don't face the conflict of putting ourselves in the middle of a trade or allocating the difference between bid and offer prices between clients.

## **Item 12 – Brokerage Practices**

### **The Custodians and Brokers We Use**

We don't maintain custody of our clients' assets that we manage. We work with several "qualified custodians"—generally a broker/dealer or bank which specializes in offering this type of service to the clients of investment advisors. Currently, we work with Schwab Institutional, Fidelity Wealth Management Services, and Pershing Advisor Services, and Broadcourt/Merrill Lynch. Our clients are free to select amongst these custodians as they see fit. So, in addition to engaging us as their advisor, our clients generally also open an account with one of these custodians. We are independently owned and are not affiliated with any of these custodians. The custodian takes instructions from us as permitted by the account agreement to facilitate the management of clients' portfolios.

### **How We Select Brokers and Custodians—Or the Factors that Make up "Best Execution"**

We seek to work with custodians and brokers who will hold our clients' assets and execute transactions on terms that are, overall, most advantageous when compared with other available providers and their services. We consider a wide range of factors including among others:

- Combination of transaction execution and asset custody services (generally without a separate fee for custody)

- Capability to execute, clear, and settle trades

- Capability to facilitate transfers and payments to and from accounts such as wire transfers, check requests, and bill payments

- Quality of services, accountability in service delivery, and overall operational excellence

- Availability of investment research and tools that assist us in making investment decisions

- Reputation, financial strength, and stability

- Commitment to technology improvements and understanding the needs of our industry as they pertain to better serving our clients

Specific to brokerage, we also look for and highly value:

- Competitive rates

- Quality of execution

- Technology and communications tools for time sensitive effective trade execution

- Trading tools including algorithms, access to depth of market, and safety controls to prevent trade error and improve execution

### Your Brokerage and Custody Costs

Currently, none of our custodians charge a custody fee. Trustee and trust accounting services are typically the only service for which custodians charge such a fee.

Brokerage commissions charged by the custodian and fees to process and settle trades executed at a broker other than the custodian are based on a number of factors including the amount of assets we hold with a particular custodian, whether or not the client agrees

to receive statements and confirmations in electronic form, and the general level of commission rates. We negotiate these fees consistent with our duty to achieve “best execution” of clients’ trades. Best execution means the most favorable terms for a transaction based on all relevant factors.

### Products and Services Available to Us from Our Custodians and Brokers

Our custodians all have business subsidiaries that focus on independent investment advisory firms like us. They provide us and our clients with access to their custody, brokerage, reporting and related services—many of which are not typically available to their retail clients. They also make available various other support services. Some of these services help us manage or administer our clients’ accounts; others help us manage and grow our business. All are generally available at no charge.

The custodians’ services that benefit our clients include: securities transaction executions, custody of assets, archiving and access to account documents, availability of electronic information regarding clients’ accounts for ease of retrieval, and back office support to process client requests.

The custodians’ services that indirectly benefit our clients and help us achieve best execution and administer their accounts include: software to facilitate allocation of aggregated trades executed at broker/dealers other than the custodians’, pricing data, billing tools to collect client fees electronically, back office functions such as record keeping, reporting bond call notices, and some client reporting.

Finally, custodians provide services that really only benefit us as they help us grow our business and educate us as to best industry practices and regulatory compliance. One of our custodians, for example, published information that was invaluable in helping us create this Brochure. Other services include educational events, consulting on everything from technology to regulatory issues to industry trends, and preferred access to vendors of services we need.

We benefit from the availability of the above services provided by custodians because we do not have to purchase or produce them ourselves. Each of our custodians requires a minimum amount of assets be kept with them to avoid charges. None have requirements as to trading activity. These asset minimums may give us an incentive to use these particular custodians versus others that are available. However, we selected them in the first place for their value in providing custody, trade settlement, and administrative support and truly believe our selection of them is in the best interest of our clients.

Additionally, while all of our custodial asset balances are well above the minimum, we work more than one custodian so our clients have a choice.

Similarly, brokers may also provide services—in particular research and tools that assist in the portfolio analysis and management. We selected our primary broker for excellence in all of the areas we described earlier that make up “best execution”. In order to have access to these services for our clients, we negotiated commission rates on behalf of clients which we believe are competitive though they may not be the absolute lowest available. This naturally gives us incentive to use a specific broker to continue to have access to these portfolio management and research services. For example, the ability to see detail of how many buyers and sellers are lined up to trade a security as well as the prices and number of shares they are interested in helps us get the best price for our clients. Similarly, having the ability to mete out small pieces of our clients’ orders—either manually or through automatic programs—accomplishes that same goal. In fact, we consider both the use of these tools and the ability to execute consistently across accounts so important that all accounts eligible to trade away from the custodian (as determined by the minimum account value threshold set by the custodian) are aggregated and traded using these tools.

We also consider other types of tools and research in our evaluation of best execution. To the extent that we allocate brokerage commissions earned by our broker (known as “soft dollars”) to offset the cost of research (as defined and allowable under Section 28(e) of the Securities and Exchange Act of 1934), we benefit by not having to pay separately for these items. Research of this type can include data for stock analysis, bond research, and tools for portfolio analysis and execution. We believe, by and large, our clients benefit from soft dollar research roughly in proportion to that that which they generate. We also pay directly for research from which all our clients benefit.

### **Item 13 – Review of Accounts**

We review accounts regularly both from an asset allocation and individual security perspective. Starting with the most frequent review activity, we typically monitor equities in our clients’ portfolios throughout the work week. We research and revalue the equities weekly. We also check cash balances for liquidity needs and asset allocation levels weekly. We review bond holdings as credit analysis, risk premiums, or interest rate pictures change. Finally, we always review our clients’ portfolios with an eye toward their objectives, specific requirements, and personal circumstances.

We encourage our clients to meet with us to update their investment plans every couple of years, but the frequency really depends on the fluidity of their situation and changes in the



market. One of our two principals, Jim McCarthy, our Chief Investment Officer, or Monica Ness, our Senior Portfolio Manager, conducts these reviews. We often start with the client's asset allocation, how it may have changed since our last meeting, and how looks in relation to their long term plan. Then we discuss the particular circumstances of their lives that might impact that plan and how to accommodate any changes. Sometimes this necessitates coordinating with our client's accountant or attorney. We incorporate this communication into our review process so all areas of the client's wealth picture are in synch. From there we adjust our strategy as necessary.

In the current version of our quarterly portfolio reports to our clients, we include information on performance, asset allocation, sector allocation, their largest holdings, and a list of the securities we manage for them. We sometimes change this format in response to input from clients, and we welcome the chance to create reports that are more meaningful for them.

#### **Item 14 – *Client Referrals and Other Compensation***

We don't receive any compensation from anyone other than clients for providing our services. Similarly, we only compensate individuals registered with Seascope for client referrals.

#### **Item 15 – *Custody***

Our clients should receive at least quarterly, but more typically monthly, statements from their chosen custodian that holds and maintains their investment assets. As noted above in Item 14, we send quarterly statements, too. We strongly encourage our clients to carefully review and compare our statements with the official custodial records. Our statements may vary—but only slightly-- from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Clients in the private fund do not receive statements from the custodian because the investment is "pooled" into one account. A statement from the custodian would show the fund's holdings as opposed to their ownership interest in it. Due to this factor and the way a private pooled fund operates, we are deemed to have custody of it—even though the assets are in fact held by a professional third party custodian, Broadcourt/Merrill Lynch. As a custodian of the private fund, we have an independent public accounting firm audit the

fund and issue audited financial statements each year. We have used the same auditor, Leone, McDonnell, & Roberts, P.A. since the fund's inception.

## **Item 16 – Investment Discretion**

We provide investment management services using discretionary authority which our clients grant us at the outset of our engagement. In all cases, we exercise this discretion consistent with our clients' stated investment objectives, limitations, and restrictions. We can, of course, accommodate specific instructions, for example, on low cost basis positions that clients may hold. We do currently carry a very small percentage of nondiscretionary assets, but these are held as a courtesy to long standing clients.

## **Item 17 – Voting *Client* Securities**

We find that most clients prefer not to vote proxies so we will vote them if they authorize us to do so in their investment management agreements. As part of our account opening process, we provide a copy of our proxy voting policy to new clients so they can determine how they would like proxies handled.

Generally, we vote with management. If we decide to buy a stock, that action in and of itself is a vote for management. We will not, however, vote in favor of management proposals such as poison pills which we deem to be detrimental to shareholder value. Similarly, we may abstain on social issues, but if we believe them to be detrimental to the value of the company, we will vote against them.

On the rare occasion in which we have a conflict in voting a proxy, we will abstain from voting.

Our clients may request a copy of our proxy voting policies or our past votes on their behalf.

## **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about their financial condition. We have neither any financial commitments that would impair our ability to meet our contractual and fiduciary obligation to our clients nor have we been the subject of a bankruptcy proceeding.

## Item 1- Cover Page



Monica Ann Ness, CFA®

Seascope Capital Management, LLC

CRD # 126928

99 Bow Street, Suite 300 East  
Portsmouth, NH 03801  
603 964-4480  
*www.Seascope-Capital.com*

August 2011

**This Brochure Supplement provides information about Monica Ann Ness that supplements the Seascope Capital Management Brochure. You should have received a copy of that Brochure. Please contact Monica Ann Ness if you did not receive Seascope's Brochure or if you have any questions about the contents of this supplement.**

***Additional information about Monica Ann Ness is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).***

## **Item 2- Educational Background and Business Experience**

Monica Ann Ness, born 1961, is senior investment professional with comprehensive experience in investments, research and portfolio management, as well as business management, and legal and compliance issues.

Monica joined Seascope Capital Management in 2005 as Senior Portfolio Manager and Chief Compliance Officer. She became a minority owner of the Seascope in 2007. She works with the Chief Investment Officer, James W. McCarthy on investment process, strategy, and securities research. She insures clients' investment portfolios are structured to meet their needs, manages client relationships, and supervises the day-to-day operations of the firm.

With twenty five years' experience in the investment services industry, Monica formed and managed two investment management firms in Boston prior to joining Seascope. As Director of Asset Management at B&L Asset Management, she developed a proprietary quantitative stock ranking system, conducted all research, and managed portfolios for high net worth clients, funded trusts, and charitable organizations. B&L Asset Management was affiliated with Burns & Levinson LLP, a well-known law firm in Boston. In addition to working with the funded trusts of high net worth clients, Monica also worked closely with the Family Law partner at the firm to assist in financial analysis of issues pertinent to the firm's clients who were in process of divorcing.

More recently, she served as Chief Investment Officer for TH&T Private Asset Management, LLC, the investment advisory arm of Testa, Hurwitz & Thibault, LLP, a major Boston Law firm. There she led a team of analysts in investment strategy, process, and research.

Previously, she was a Senior Vice President and Director of Portfolio Management at Harvest Capital Management, Inc. in New Hampshire where she served as a senior member of the management team directing both the strategy of the firm and the clients' investment portfolios. She also researched and managed equities and all the fixed income assets

Monica was awarded a CFA Charter (1993), earned an MBA with a concentration in Taxation from the University of South Carolina (1989), and holds a BA from the University of Virginia in Economics (1983).

The CFA Institute administers the CFA (Chartered Financial Analyst) program. Its mission, per their website, is "to lead the investment profession globally by setting the highest standards of ethics, education, and professional excellence." It evolved from the Financial Analysts' Federation which was formed in 1947.

To earn her charter, Monica first met the application requirements to become a member of CFAI. At the time, these included experience in the industry, having a bachelor's degree, and agreeing to abide by the CFAI's Code of Ethics and Standards of Professional Conduct.

Next, Monica successfully completed the CFA Program, a graduate-level self-study program that combines a comprehensive curriculum specifically focused on the investment management profession with emphasis professional conduct requirements. She then passed each of three sequential cumulative exams on The CFA Program Candidate Body of Knowledge™. Each exam required approximately 250 hours of study. From the CFAI website, the areas of study are as follows:

I. Ethical and Professional Standards

II. Quantitative Methods-including probability, statistical and technical Analysis

III. Economics-including microeconomics, macroeconomics and the impact of economic factors on investment markets

V. Financial Reporting and Analysis-including financial reporting quality, off balance sheet assets, and global operations

V. Corporate Finance-including business and financial risk, mergers and acquisitions, and corporate restructuring

VI. Equity Investments-including fundamental analysis, valuation, and hybrid investment vehicles

VII. Fixed Income-including securities types, valuation, credit risk, and interest rate risk

VIII. Derivatives

IX. Alternative Investments-including real estate, private equity, venture capital and closely held companies

X. Portfolio Management and Wealth Planning-including individual and institutional portfolios, capital market expectations, asset allocation, risk management, and performance evaluation

Although CFAI has no minimum continuing education requirement, Monica has completed 15-50 hours per year since she became a CFA® charter holder.

She is also a member of the Boston Security Analysts Society, the local chapter of CFAI.

Monica has recently enrolled in a certification program sponsored by the Institute for Divorce Financial Analysts in which she is studying to obtain her Certified Divorce Financial Analyst Designation.

### **Item 3- Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. Monica has no information is applicable to this Item.

### **Item 4- Other Business Activities**

Monica has no other business activities in the investment industry. Her duties at Seascope are her sole professional focus.

### **Item 5- Additional Compensation**

Monica receives no other compensation for investment advisory services other than her compensation as a principal at Seascope.

### **Item 6 - Supervision**

Monica is an owner of the firm and one of two principals at Seascope. Therefore, she has no supervisor in the firm. As Chief Compliance Officer she develops, enforces, and complies with Seascope's policies and codes. She also adheres to the spirit and letter of the law as determined by federal and state regulatory authorities, and follows the professional code of conduct as defined by the CFA Institute.

Item 1- Cover Page



James W. McCarthy, CFP, CIMA

Seascope Capital Management, LLC

CRD # 126928

99 Bow Street, Suite 300 East

Portsmouth, NH 03801

603 964-4480

*[www.Seascope-Capital.com](http://www.Seascope-Capital.com)*

August 2011

**This Brochure Supplement provides information about James W. McCarthy that supplements the Seascope Capital Management Brochure. You should have received a copy of that Brochure. Please contact Monica Ann Ness, CFA at the above number if you did not receive Seascope's Brochure or if you have any questions about the contents of this supplement.**

**Additional information about James W. McCarthy is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## Item 2- Educational Background and Business Experience

James W. McCarthy, founded Seascope Capital Management, and currently serves as President and Chief Investment Officer. He was born in 1957. After attending the University of New Hampshire Jim joined the Ordinary Agencies division of Prudential Insurance Company In 1979. He soon became a top producer for the company and continued serving his clients when he opened his own agency in 1981. During this period he was twice awarded membership in the industries' prestigious Million Dollar Round Table. It was during this period that Jim also began investing in residential and commercial Real Estate, gaining valuable experience in alternative asset classes. After making the decision to join E.F. Hutton in 1985, he began a successful career spanning eighteen years with what eventually became Citigroup Global Markets. In 2002 he was recognized as a leading consultant within the firm's private client group. Jim was among 300 financial consultants (out of 12,900) honored for outstanding achievements within the professional investment management arena. He was also a member of the firm's Private Wealth Management team, which developed strategies for the Ultra High Net Worth (\$50 million plus) client. At the time of his resignation he held the titles of Senior Vice President, Senior Portfolio Manager, and Senior Investment Management Consultant.

Along the way, Jim matriculated with the College for Financial Planning where in 1987 he earned his CERTIFIED FINANCIAL PLANNER™ certification, (CFP). This is issued by the Certified Financial Planner Board of Standards, Inc. (CFP Board). He is a member of the International Board of Certified Financial Planners as well as the Registry of CFP® Practitioners.

Jim also earned his Certified Investment Management Analyst designation (CIMA) from the Wharton School in 2001 and became a member of the Investment Management Consultants Association (IMCA).

Candidates for the CFP are currently required to have a bachelor's degree (or higher) from an accredited college or university, and three years of full-time personal financial planning experience. In addition, they must either complete a CFPboard registered program, or hold one of the following:

- CPA
- ChFC
- Chartered Life Underwriter (CLU)
- CFA
- Ph.D. in business or economics
- Doctor of Business Administration
- Attorney's License

The CFP program has four components: Education, Examination, Experience, and Ethics.



Per the CFP website, the course of academic study covers personal financial planning topics that financial planning practitioners have identified through periodic job-task analysis studies. The exam tests practical knowledge to insure competence in financial planning topics. Jim sat for and passed a series of six exams covering the following topics: General Principles of Financial Planning, Insurance Planning, Investment Planning, Income Tax Planning, Retirement Planning, and Estate Planning. In addition he had to have three years of financial planning experience. To maintain his designation and keep his professional knowledge current, he completes a required 30 hours of continuing education every two years.

Finally, again, per the website, “CFP® certificants are required to abide by CFP Board’s ethical standards, as set forth in the *Standards of Professional Conduct*, and are subject to disciplinary action when those standards are violated. CFP Board’s high ethical standards and its rigorous enforcement of its ethical standards, including the public release of disciplinary information, are key factors that differentiate the CFP® certification from the many designations in the financial services industry.”

Per IMCA’s website, “The CIMA certification program is the only credential designed specifically for financial professionals who want to attain a level of competency as an advanced investment consultant. The CIMA professional integrates a complex body of investment knowledge to provide objective investment advice and guidance to individuals and institutions. That knowledge is applied systematically and ethically to assist clients in making prudent investment decisions.”

CIMA’s program includes the same four elements as that of the CFP: experience, education, examination, and ethics. To gain admission to the program, Jim first went through a rigorous application process which included a background check. Next he had to pass a qualification exam to complete the admission process and enter the CIMA’s education program. Once accepted, Jim studied and developed the following skills as part of CIMA’s curriculum:

- Make portfolio recommendations based on modern portfolio theory and post-modern portfolio theory based on analysis of risk, proper asset allocation, and tax efficiency

- Develop, explain, and recommend investment policy statements

- Analyze performance and its attributes and apply that analysis in evaluating and recommending investment managers

- Analyze and recommend investments in fixed income, equity, alternative and derivative investments

Identify and apply ethical, legal, and fiduciary considerations including IMCA's own *Code of Professional Responsibility*

Jim took and passed the comprehensive examination and pledged to abide by IMCA's Code of Professional Responsibility.

To maintain his designation and keep his professional knowledge current, Jim completes 40 hours of continuing education credit and submits a continued adherence to IMCA's Code of Professional Responsibility, Standards of Practice, and Rules and Guidelines for Use of the Marks.

Thus, with almost a quarter century of professional investment experience and industry credentials, Jim founded Seascope Capital Management as a platform from which to offer high net worth investor's proprietary investment strategies based on disciplined security analysis and comprehensive wealth management services. He continues to lead Seascope as its President and Chief Investment Officer ever since.

### **Item 3- Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice.

Jim has no information to report for this item.

### **Item 4- Other Business Activities**

For some clients, having an insured investment as part of their investment plan helps to create an lower overall risk level more appropriate to their individual circumstances. While insurance to date has only been included in a small percentage of our clients' holdings, it is available to our clients through Jim's affiliation with Envoy Securities. Envoy maintains Jim's insurance licenses, and Jim is a registered representative affiliated with Envoy for this purpose. Our clients who invest in policies sold by Envoy's insurance brokerage incur commissions paid to the broker as determined by the commission schedule of the underwriter of the insurance policy. Thus, Seascope, through Jim, indirectly benefits from these transactions. This affiliation does present a potential conflict. To address this issue, Jim lets clients know that they may, of course, purchase these policies from underwriters other than the ones the Envoy represents. In addition, in cases where the nature of the insurance need is very specialized, Jim recommends third party insurance agents to insure that he serves clients' best interests.

### **Item 5- Additional Compensation**

Jim received no additional compensation other than fees from clients as outlined in their investment management agreements and revenues as referenced in Item 4.

### **Item 6 - Supervision**

Jim is the majority owner and one of two principals at Seascope therefore he has no supervisor in the firm. He complies with Seascope's policies and codes and developed and administered by Seascope's Chief Compliance Officer. He also adheres to the spirit and letter of the law as determined by federal and state regulatory authorities, and follows the professional codes of ethics as written by the Certified Board of Financial Planners, Inc. and Investment Management Consultants Association.