

**Item 1 – Cover Page**

**Seaport Wealth Management, LLC,  
D/B/A Seaport Investment Management**

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ADV Part 2A, Firm Brochure

Date: October 29, 2014

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This Brochure provides information about the qualifications and business practices of Seaport Wealth Management, LLC (“Seaport Wealth Management.”) If you have any questions about the contents of this Brochure, please contact Steve Wasserman at 212-877-2330 or [steve@seaportIM.com](mailto:steve@seaportIM.com). 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 Seaport Wealth Management is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

References herein to Seaport Wealth Management a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.

## **Item 2 – Material Changes**

Seaport Wealth Management. is not currently amending this Brochure as part of the annual update. However, since the most recent annual update filing on March 26, 2014, this Brochure has been materially amended at Item 4 to reflect a change in Seaport Wealth Management's ownership structure.

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## Item 4 – Advisory Business

### **Description of Advisory Firm**

Seaport Wealth Management is a limited liability company formed in the State of Delaware, which became registered with the SEC as an investment advisory firm on December 19, 2013. Seaport Wealth Management is principally owned by: the Trosky Living Trust, which is owned by Seaport Wealth Management's Member, Benjamin Trosky; and Steven M. Wasserman, who is Seaport Wealth Management's Managing Member and Chief Compliance Officer.

### **Description of Advisory Services**

As described below, Seaport Wealth Management offers: Asset Management Services; Private Fund Management Services; and Consulting Services.

#### **Asset Management Services**

The client can engage Seaport Wealth Management to provide discretionary asset management services on a fee basis. Seaport Wealth Management's annual asset management fee is based upon a percentage (%) of the market value of the assets placed under management. Before engaging Seaport Wealth Management to provide asset management services, clients are required to enter into an Asset Management Agreement with Seaport Wealth Management setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the fee that is due from the client.

Before Seaport Wealth Management provides asset management services, an investment adviser representative will consult with the client to ascertain and agree upon the client's investment objectives. Thereafter, Seaport Wealth Management will allocate client investment assets consistent with the designated investment objectives. Seaport Wealth Management primarily allocates investment assets among: Mutual Funds, Exchange Traded Funds ("ETFs"), Exchange-listed Securities, Corporate Debt Securities, Municipal Securities, U.S. Government Securities, and Options Contracts. Once allocated, Seaport Wealth Management provides ongoing monitoring and review of account performance and asset allocation as compared to client investment objectives. When appropriate and consistent with the client's investment objectives, and in conformity with its discretionary authority, Seaport Wealth Management will manage investment assets by buying, selling and reinvesting the allocated client investment assets.

Seaport Wealth Management is affiliated with two private investment funds: Seaport Total Asset Partners, and Tripolay Capital Management (each, an "Affiliated Fund" and collectively, the "Affiliated Funds.") The complete description of the terms, conditions, risks, and fees including incentive compensation associated with each of the Affiliated Funds is set forth in each Affiliated Fund's offering documents. Seaport Wealth Management, on a non-discretionary basis, may recommend that qualified clients consider allocating a portion of their investment assets to the Affiliated Funds. **Seaport Wealth Management's clients are under absolutely no obligation to consider or make an investment in the Affiliated Funds or any other private investment fund(s).**

Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each Affiliated Fund's offering documents, which will be provided to each client for review and

consideration. Unlike liquid investments that a client may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the Affiliated Funds, and acknowledges and accepts the various risk factors that are associated with such an investment.

In the event that Seaport Wealth Management references private investment funds owned by the client on any supplemental account reports prepared by Seaport Wealth Management, the value(s) for all private investment funds owned by the client shall reflect the most recent valuation provided by the private fund sponsor. If the private fund sponsor does not provide a post-purchase valuation, then the valuation shall reflect the initial purchase price (and/or a value as of a previous date) or the current value(s) (either the initial purchase price and/or the most recent valuation provided by the private fund sponsor). If the valuation reflects the initial purchase price (and/or a value as of a previous date), then the current value(s) (to the extent ascertainable) could be significantly more or less than the original purchase price.

**Conflict Of Interest.** Because Seaport Wealth Management and/or its affiliates can earn compensation from the Affiliated Funds (both management fees and incentive compensation) that may exceed the fee that Seaport Wealth Management would earn under its standard asset based fee schedule referenced in Item 5 below, the recommendation that a client become an Affiliated Fund investor presents a **conflict of interest**. No client is under any obligation to become an Affiliated Fund investor. **Seaport Wealth Management's Chief Compliance Officer, Steven Wasserman, remains available to address any questions regarding this conflict of interest.**

### **Consulting Services**

Seaport Wealth Management offers consultations in order to discuss financial planning issues when clients do not seek a written financial plan. Seaport Wealth Management offers a one-time consultation, which covers mutually agreed upon areas of concern related to investments or financial planning. Seaport Wealth Management also offers "as-needed" consultations, which are limited to consultations in response to a particular investment or financial planning issue raised or request made by the client. Under an "as-needed" consultation, it will be incumbent upon the client to identify those particular issues for which he/she/it is seeking advice.

Seaport Wealth Management's consulting services do not include implementation of any investment advice or the active and ongoing monitoring or management of client investment assets. If requested by the client, Seaport Wealth Management may recommend the services of other professionals for implementation purposes, including Seaport Wealth Management's representatives in their individual capacities as registered representatives of a broker-dealer (see disclosures at Items 5 and 10). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Seaport Wealth Management. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional.

To the extent that clients would like to Seaport Wealth Management to actively monitor and manage his/her/its investment assets, clients are required to execute a separate written Asset Management Agreement. **Please Note:** It remains the client's responsibility to promptly notify Seaport Wealth

Management if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Seaport Wealth Management's previous recommendations and/or services.

### **Tailored Advisory Services to Individual Needs of Clients**

Seaport Wealth Management's advisory services are tailored to clients' individual needs. This means, for example, that when Seaport Wealth Management provides asset management services, clients retain the ability to impose restrictions on the accounts being managed, including specific investment selections and sectors. Seaport Wealth Management works with clients on a one-on-one basis through interviews and questionnaires to determine each client's risk profile and investment objectives.

Seaport Wealth Management may modify its investment strategies to accommodate special situations such as low basis stock, stock options, legacy holdings, inheritances, closely held businesses, collectibles, or special tax situations.

Seaport Wealth Management will not enter into an investment adviser relationship with a prospective client whose investment objectives may be considered incompatible with Seaport Wealth Management's investment philosophy or strategies or if the prospective client seeks to impose unduly restrictive investment guidelines.

### **Wrap Fee Programs**

Seaport Wealth Management does not participate in a wrap fee program.

### **Client Assets Managed by Seaport Wealth Management**

As of June 30, 2014 Seaport Wealth Management manages \$28,107,576.76 in assets on a discretionary basis.

### **Miscellaneous Disclosures**

#### **Client Obligations**

In performing its services, Seaport Wealth Management shall not be required to verify any information received from the client or from the client's other designated professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify Seaport Wealth Management if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Seaport Wealth Management's previous recommendations and/or services.

## **Disclosure Statement**

A copy of Seaport Wealth Management's written Brochure as set forth on Part 2A of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the applicable form of client Agreement.

## **Use of Mutual Funds**

Most mutual funds are available directly to the public. Thus, a prospective client can obtain many of the mutual funds that may be recommended and/or utilized by Seaport Wealth Management independent of engaging Seaport Wealth Management as an investment advisor. However, if a prospective client determines to do so, he/she will not receive Seaport Wealth Management's initial and ongoing investment advisory services.

## **Cash Positions**

At any specific point in time, depending upon perceived or anticipated market conditions/events (there being no guarantee that such anticipated market conditions/events will occur), Seaport Wealth Management may maintain cash positions for defensive purposes. All cash positions (money markets, etc.) shall be included as part of assets under management for purposes of calculating Seaport Wealth Management's management fee.

## **Trade Errors**

Seaport Wealth Management has implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. In cases where the client causes the trade error, the client is responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. However, in all situations where the client does not cause the trade error, the client is made whole and any loss resulting from the trade error is absorbed by Seaport Wealth Management if the error is caused by Seaport Wealth Management. If an investment gain results from the correcting trade, the gain remains in the client's account unless the same error involved other client account(s) that should also receive the gains. Seaport Wealth Management may also confer with a client to determine if the client should forego the gain (e.g., due to tax reasons).

## Item 5 – Fees and Compensation

### Asset Management Services

Seaport Wealth Management's annual asset management fees are based on a percentage of assets under management, which are billed in advance (at the start of the billing period) on a quarterly calendar basis, and calculated based on the fair market value of the client's account as of the last business day of the previous billing period. Fees are prorated (based on the number of days service is provided during the initial billing period) for an account opened at any time other than the beginning of the billing period. If asset management services are commenced in the middle of the billing period, then the prorated fee for that billing period is based on the value of the account when services commence and is due immediately and will be deducted from account when services commence.

The asset management services continue in effect until terminated by either party by providing written notice of termination to the other party. Any prepaid, unearned fees will be prorated and refunded by Seaport Wealth Management to the client based upon the number of days services are actually provided during the final billing period.

Seaport Wealth Management's annual asset management fees are negotiable based on the type of client, the complexity of the client's situation, the potential for additional account deposits, the relationship of the client with the investment adviser representative, and the total amount of assets under management for the client, generally according to the following fee schedule:

<u>Assets Under Management</u>	<u>Annual Fees</u>
\$0 – \$10,000,000	1.000%
\$10,000,001 and up	0.900%

For asset management services, Seaport Wealth Management generally imposes a minimum account size of \$1,000,000, which may include aggregated household accounts. Seaport Wealth Management, in its sole discretion, may impose a lesser minimum account size based on certain criteria such as: anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.

The investment management fees will be deducted from clients' accounts and paid directly to Seaport Wealth Management by the client account's qualified custodian(s). Both Seaport Wealth Management's Asset Management Agreement and the custodial/clearing agreement will authorize the account custodian to debit the account for the amount of Seaport Wealth Management's asset management fee and to directly remit that management fee to Seaport Wealth Management in compliance with regulatory procedures. In the limited event that Seaport Wealth Management bills the client directly, payment is due upon receipt of Seaport Wealth Management's invoice.

### **Private Fund Management**

Fees charged for management services to Affiliated Funds are described in the Affiliated Funds' offering documents and include an annual management fee charged as a percentage of each investor's total capital account balance in the Affiliated Fund. In addition, Seaport Wealth Management may receive performance-based compensation from the Affiliated Funds.

### **Consulting Services**

Seaport Wealth Management charges a negotiable hourly or fixed fee for its consulting services, which may vary based upon the type of client, the scope and complexity of the engagement, the complexity of the client's situation, the potential for additional account deposits, the relationship of the client with the investment adviser representative, and the total amount of assets under management for the client. Generally, Seaport Wealth Management charges approximately \$250 per hour on an hourly-rate basis, or between \$1,000 and \$10,000 on a fixed fee basis.

Seaport Wealth Management will provide an estimate of the approximate hours needed to complete the consulting services before commencing such services on a client's behalf. If, during the engagement Seaport Wealth Management anticipates it will exceed the estimated amount of hours required, it will contact the client to receive authorization to provide additional services.

Seaport Wealth Management may request that clients provide a mutually agreed upon retainer that will be available for Seaport Wealth Management to bill against for its consulting services. However, under no circumstances will Seaport Wealth Management require its clients to pay fees of more than \$1,200, six months or more in advance. Upon presentment of the invoice to the client, Seaport Wealth Management will deduct the hourly fees due Seaport Wealth Management against the retainer balance, and clients are immediately responsible to pay Seaport Wealth Management any outstanding balance of hourly fees due. Any fixed fee will be considered earned by Seaport Wealth Management and immediately due from Client upon completion of the consulting services.

The consulting services will terminate upon completion of the consultation, or upon either party providing the other party with written notice of termination. If a client terminates the consulting services before completion, he/she/it will be responsible for prompt payment for the amount of consulting services performed. For consulting services performed by Seaport Wealth Management under an hourly arrangement, clients will pay Seaport Wealth Management for any hourly fees incurred at the agreed hourly rate. For consulting services performed by Seaport Wealth Management under a fixed fee arrangement, clients will pay an early termination fee for the hours of service provided by Seaport Wealth Management multiplied by the hourly rate of \$250. In the event that there is a remaining balance of any fees paid in advance after the deduction of fees from the final invoice, those remaining proceeds will be promptly refunded by Seaport Wealth Management to the client.

Upon request, the consulting fees may be deducted from clients' asset management accounts and paid directly to Seaport Wealth Management in compliance with regulatory procedures, if the client provides such written authorization to Seaport Wealth Management and the account's qualified custodian(s).

### **Other Fees and Expenses**

As discussed below, unless the client directs otherwise or an individual client's circumstances require, Seaport Wealth Management shall generally recommend that Charles Schwab and Co., Inc. ("Schwab") serve as the broker-dealer/custodian for client asset management assets. Broker-dealers such as Schwab charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). In addition to Seaport Wealth Management's asset management fee, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).

Also, relative to its discretionary asset management services, when beneficial to the client, individual fixed income transactions may be effected through broker-dealers other than the account custodian. In such an event, the client generally will incur both the fee (commission, mark-up/mark-down) charged by the executing broker-dealer and a separate "tradeaway" and/or prime broker fee charged by the account custodian.

### **Securities Commission Transactions**

In the event that the client desires, the client can engage the following of Seaport Wealth Management's related persons to implement investment recommendations on a commission basis in their separate and individual capacities as registered representatives of the following broker-dealers: Debbie Zoldan through Seaport Securities Corp., an SEC-registered, NYSE, SIPC and FINRA member broker-dealer; Charles Wyman through Scura Paley Securities, LLC, an SEC-registered, SIPC and FINRA member broker-dealer; and Steven Wasserman through Meyers Associates, L.P. an SEC-registered, SIPC and FINRA member broker-dealer (Seaport Securities Corp., Scura Paley Securities, LLC, and Meyers Associates, L.P. are collectively referred to as the "Unaffiliated Broker-Dealers.")

In the event the client chooses to purchase investment products through the Unaffiliated Broker-Dealers, such Unaffiliated Broker-Dealers will charge brokerage commissions to effect securities transactions, a portion of which commissions will be paid to Seaport Wealth Management's representatives in their individual capacities, as applicable. The brokerage commissions charged by the Unaffiliated Broker-Dealers may be higher or lower than those charged by other broker-dealers. In addition, the Unaffiliated Broker-Dealers, as well as Seaport Wealth Management's representatives, relative to commission mutual fund purchases, may also receive additional ongoing 12b-1 trailing commission compensation directly from the mutual fund company during the period that the client maintains the mutual fund investment.

**Conflict of Interest:** The recommendation that a client purchase a commission product from the Unaffiliated Broker-Dealers presents a **conflict of interest**, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Seaport Wealth Management's representatives. **Seaport Wealth Management's Chief Compliance Officer, Steven Wasserman, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

**Please Note:** Clients may purchase investment products recommended by Seaport Wealth Management through other, non-affiliated broker dealers or agents.

Seaport Wealth Management does not receive more than 50% of its revenue from advisory clients as a result of commissions or other compensation for the sale of investment products. Seaport Wealth Management recommends to its clients.

When Seaport Wealth Management's representatives sell an investment product on a commission basis, Seaport Wealth Management does not charge an investment management fee in addition to the commissions paid by the client for such product. When providing services on an investment management fee basis, Seaport Wealth Management's representatives do not also receive commission compensation for such advisory services (except for any ongoing 12b-1 trailing commission compensation that may be received as previously discussed). However, a client may engage Seaport Wealth Management to provide asset management services on an investment management fee basis and separate from such advisory services purchase an investment product from Seaport Wealth Management's representatives on a separate commission basis.

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

Except with respect to the Affiliated Funds, neither Seaport Wealth Management nor any of its supervised persons accept performance-based fees.

#### **Item 7 – Types of Clients**

Except with respect to the Affiliated Funds, Seaport Wealth Management's clients will generally include individuals, high net worth individuals, trusts, estates, or charitable organizations, and corporations or business entities other than those listed above.

For asset management services, Seaport Wealth Management generally imposes a minimum account size of \$1,000,000, which may include aggregated household accounts. Seaport Wealth Management also generally imposes a minimum hourly fee of \$250 and a minimum fixed fee of \$1,000 for consulting services. Seaport Wealth Management, in its sole discretion, may impose a lesser minimum account size or minimum fee based on certain criteria such as: anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.

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

### Methods of Analysis

Seaport Wealth Management uses the following methods of analysis to formulate investment advice:

- Cyclical – This method analyzes the investments sensitive to business cycles and whose performance is strongly tied to the overall economy. For example, cyclical companies tend to make products or provide services that are in lower demand during downturns in the economy and in higher demand during upswings. Examples include the automobile, steel, and housing industries. The stock price of a cyclical company will often rise just before an economic upturn begins, and fall just before a downturn begins. Investors in cyclical stocks try to make the largest gains by buying the stock at the bottom of a business cycle, just before a turnaround begins.

While most economists and investors agree that there are cycles in the economy that need to be respected, the duration of such cycles is generally unknown. An investment decision to buy at the bottom of a business cycle may actually turn out to be a trade that occurs before or after the bottom of the cycle. If done before the bottom, then downside price action can result prior to any gains. If done after the bottom, then some upside price action may be missed. Similarly, a sell decision meant to occur at the top of a cycle may result in missed opportunity or unrealized losses.

- Fundamental – This is a method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of a company). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). Fundamental analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

The risk associated with fundamental analysis is that it is somewhat subjective. While a quantitative approach is possible, fundamental analysis usually entails a qualitative assessment of how market forces interact with one another in their impact on the investment in question. It is possible for those market forces to point in different directions, thus necessitating an interpretation of which forces will be dominant. This interpretation may be wrong, and could therefore lead to an unfavorable investment decision.

- Technical – This is a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

Technical analysis is even more subjective than fundamental analysis in that it relies on proper interpretation of a given security's price and trading volume data. A decision might be made based on a historical move in a certain direction that was accompanied by heavy volume; however, that heavy volume may only be heavy relative to past volume for the security in question, but not compared to the future trading volume. Therefore, there is the risk of a trading decision being made incorrectly, since future trading volume is an unknown. Technical analysis is also done through observation of various market sentiment readings, many of which are quantitative. Market sentiment gauges the relative degree of bullishness and bearishness in a given security, and a contrarian investor utilizes such sentiment advantageously. When most traders are bullish, then there are very few traders left in a position to buy the security in question, so it becomes advantageous to sell it ahead of the crowd. When most traders are bearish, then there are very few traders left in a position to sell the security in question, so it becomes advantageous to buy it ahead of the crowd. The risk in utilization of such sentiment technical measures is that a very bullish reading can always become more bullish, resulting in lost opportunity if the money manager chooses to act upon the bullish signal by selling out of a position. The reverse is also true in that a bearish reading of sentiment can always become more bearish, which may result in a premature purchase of a security.

There are risks involved in using any analysis method.

To conduct analysis, Seaport Wealth Management gathers information from financial newspapers and magazines, inspection of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses and filings with the SEC, and company press releases.

### **Investment Strategies**

Seaport Wealth Management uses the following investment strategies when managing client assets and/or providing investment advice:

- Long Term Purchases. Investments held at least a year.
- Short Term Purchases. Investments sold within a year.
- Frequent Trading. This strategy refers to the practice of selling investments within 30 days of purchase.
- Short Sales. A short sale is generally the sale of a stock not owned by the investor. Investors who sell short believe the price of the stock will fall. If the price drops, the investor can buy the stock at the lower price and make a profit. If the price of the stock rises and the investor buys it back later at the higher price, the investor will incur a loss. Short sales require a margin account.
- Option Writing Including Covered Options, Uncovered Options or Spreading Strategies. Options are contracts giving the purchaser the right to buy or sell a security, such as stocks, at a fixed price within a specific period of time.
- Strategic Asset Allocation. Calls for setting target allocations and then periodically rebalancing the portfolio back to those targets as investment returns skew the original asset allocation percentages. The concept is akin to a "buy and hold" strategy, rather than an active trading approach. Of course, the strategic asset allocation targets may change over time as the client's goals and needs change and as the time horizon for major events such as retirement and college funding grow shorter.

## **Risk of Loss**

Investing in securities involves risk of loss, including loss of original principal, which clients should be prepared to bear. Past performance is not indicative of future results. Therefore, clients should never assume that future performance of any specific investment or investment strategy will be profitable. Further, depending on the different types of investments there may be varying degrees of risk.

Because of the inherent risk of loss associated with investing, Seaport Wealth Management is unable to represent, guarantee, or even imply that its services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate the client from losses due to market corrections or declines. There are certain additional risks associated with investing in securities through Seaport Wealth Management's asset management program, as described below:

- **Market Risk** – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- **Equity (stock) Market Risk** – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If the client held common stock, or common stock equivalents, of any given issuer, the client would generally be exposed to greater risk than if he or she held preferred stocks and debt obligations of the issuer.
- **Company Risk**. When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- **Fixed Income Risk**. When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- **Short Sales Risk**. Short selling involves a high level of inherent risk. Individuals who engage in this activity shall only profit from a decline in the price of the assets between the original date of sale and the date of repurchase. Conversely, the short seller will incur a loss if the price of the assets rises. Other costs of shorting may include a fee for borrowing the assets and payment of any dividends paid on the borrowed assets.
- **Options Risk**. Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.
- **ETF and Mutual Fund Risk** – When investing in a an ETF or mutual fund, the client will bear additional expenses based on the client's pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or

mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. The client may also incur brokerage costs when purchasing and selling ETFs.

- Management Risk – The client's investment with Seaport Wealth Management varies with the success and failure of Seaport Wealth Management's investment strategies, research, analysis and determination of portfolio securities. If Seaport Wealth Management's investment strategies do not produce the expected returns, the value of the investment will decrease.
- Margin Risk - When the client purchases securities, he or she may pay for the securities in full or borrow part of the purchase price from the account custodian or clearing firm. If the client intends to borrow funds in connection with purchase of securities, the client will be required to open a margin account, which will be carried by the clearing firm. The securities purchased in such an account are the clearing firm's collateral for its loan to the client.

If those securities in a margin account decline in value, the value of the collateral supporting this loan also declines, and as a result, the brokerage firm is required to take action in order to maintain the necessary level of equity in the client's account. The brokerage firm may issue a margin call and/or sell other assets in the client's account.

It is important that the client fully understands the risks involved in trading securities on margin, which are applicable to any margin account that the client may maintain, including any margin account that may be established as part of the Asset Management Agreement established between the client and Seaport Wealth Management and held by the account custodian or clearing firm.

These risks include the following:

- The client can lose more funds than was originally deposited in the margin account.
- The account custodian or clearing firm can force the sale of securities or other assets in the client's account.
- The account custodian or clearing firm can sell the client's securities or other assets without contacting the client.
- The client is not entitled to choose which securities or other assets in the margin account may be liquidated or sold to meet a margin call.
- The account custodian or clearing firm may move securities held in the client's cash account to the client's margin account and pledge the transferred securities.
- The account custodian or clearing firm can increase its "house" maintenance margin requirements at any time and they are not required to provide the client with advance written notice.
- The client is not entitled to an extension of time on a margin call.

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

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of Seaport Wealth Management's business or integrity.

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

Neither Seaport Wealth Management, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.

Seaport Wealth Management does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

### **Registered Representatives of Broker-Dealers**

As disclosed in Item 5 above, certain of Seaport Wealth Management's representatives are registered representatives of Unaffiliated Broker-Dealers. Clients may therefore choose to engage these representatives in their separate and individual capacities to effect securities brokerage transactions on a commission basis.

**Conflict of Interest:** The recommendation that a client purchase a commission product through the Unaffiliated Broker-Dealers presents a **conflict of interest**, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Seaport Wealth Management's representatives. **Seaport Wealth Management's Chief Compliance Officer, Steven Wasserman, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

## **Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading**

### **Code of Ethics Summary**

According to the Investment Advisers Act of 1940, an investment adviser is considered a fiduciary and has a fiduciary duty to all clients. Seaport Wealth Management has established a Code of Ethics to comply with the requirements of Section 204(A)-1 of the Investment Advisers Act of 1940 that reflects its fiduciary obligations and those of its supervised persons. The Code of Ethics also requires compliance with federal securities laws. The Code of Ethics covers all individuals that are classified as "supervised persons". All employees, officers, directors and investment adviser representatives are classified as supervised persons. Seaport Wealth Management requires its supervised persons to consistently act in the client's best interest in all advisory activities. Seaport Wealth Management imposes certain requirements on its affiliates and supervised persons to ensure that they meet the firm's fiduciary responsibilities to the client. The standard of conduct required is higher than ordinarily required and encountered in commercial business.

### **Affiliate and Employee Personal Securities Transactions**

Seaport Wealth Management or associated persons of the firm may buy or sell for their personal accounts, investment products identical to those recommended to clients. This creates a potential **conflict of interest**. It is the express policy of Seaport Wealth Management that all persons associated in any manner with Seaport Wealth Management must place clients' interests ahead of their own when implementing personal investments. Seaport Wealth Management and its associated persons will not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, by information obtained as a result of employment or association with Seaport Wealth Management unless the information is also available to the investing public upon reasonable inquiry.

To prevent conflicts of interest, Seaport Wealth Management has developed written supervisory procedures that include personal investment and trading policies for Seaport Wealth Management's representatives, employees and their immediate family members (collectively, Associated Persons):

- Associated Persons cannot prefer their own interests to that of the client.
- Associated Persons cannot purchase or sell any security for their personal accounts prior to implementing transactions for client accounts.
- Associated Persons cannot buy or sell securities for their personal accounts when those decisions are based on information obtained as a result of their employment, unless that information is also available to the investing public upon reasonable inquiry.
- Associated Persons are prohibited from purchasing or selling securities of companies in which any client is deemed an "insider".
- Associated Persons are discouraged from conducting frequent personal trading.
- Associated Persons are generally prohibited from serving as board members of publicly traded companies unless an exception has been granted to the Chief Compliance Officer of Seaport Wealth Management.

Any associated person not observing Seaport Wealth Management's policies is subject to sanctions up to and including termination.

### **Item 12 – Brokerage Practices**

In the event that the client requests that Seaport Wealth Management recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct Seaport Wealth Management to use a specific broker-dealer/custodian), Seaport Wealth Management generally recommends that asset management accounts be maintained at Schwab. Prior to engaging Seaport Wealth Management to provide asset management services, the client will be required to enter into a formal Asset Management Agreement with Seaport Wealth Management setting forth the terms and conditions under which Seaport Wealth Management shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that Seaport Wealth Management considers in recommending Schwab (or any other broker-dealer/custodian to clients) include historical relationship with Seaport Wealth Management, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Seaport Wealth Management's clients shall comply with Seaport Wealth Management's duty to obtain best execution, a client may pay a commission that is higher than another

qualified broker-dealer might charge to effect the same transaction where Seaport Wealth Management determines, in good faith, that the commission/transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Seaport Wealth Management will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Seaport Wealth Management's asset management fee. Seaport Wealth Management's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

### **Research and Additional Benefits**

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Seaport Wealth Management may receive from Schwab (or another broker-dealer/custodian, investment platform, unaffiliated investment manager, and/or mutual fund sponsor) without cost (and/or at a discount) support services and/or products, certain of which assist Seaport Wealth Management to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by Seaport Wealth Management may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis travel and attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Seaport Wealth Management in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that may be received may assist Seaport Wealth Management in managing and administering client accounts. Others do not directly provide such assistance, but rather assist Seaport Wealth Management to manage and further develop its business enterprise.

Seaport Wealth Management's clients do not pay more for investment transactions effected and/or assets maintained at Schwab as a result of this arrangement. There is no corresponding commitment made by Seaport Wealth Management to Schwab or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

**Seaport Wealth Management's Chief Compliance Officer, Steven Wasserman, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.**

### **Brokerage for Client Referrals**

Seaport Wealth Management does not receive referrals from broker-dealers.

### **Directed Brokerage**

Seaport Wealth Management does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Seaport Wealth Management will not seek better execution services or prices from other broker-dealers or be able to “batch” the client's transactions for execution through other broker-dealers with orders for other accounts managed by Seaport Wealth Management. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

**Please Note:** In the event that the client directs Seaport Wealth Management to effect securities transactions for the client's account(s) through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the account(s) to incur higher commissions or transaction costs than the account(s) would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Seaport Wealth Management.

**Seaport Wealth Management's Chief Compliance Officer, Steven Wasserman, remains available to address any questions that a client or prospective client may have regarding the above arrangement.**

### **Aggregation of Securities**

To the extent that Seaport Wealth Management provides asset management services to its clients, the transactions for each client account generally will be effected independently, unless Seaport Wealth Management decides to purchase or sell the same securities for several clients at approximately the same time. Seaport Wealth Management may (but is not obligated to) combine or “bunch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among Seaport Wealth Management's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. Seaport Wealth Management shall not receive any additional compensation or remuneration as a result of such aggregation.

## **Item 13 – Review of Accounts**

### **Account Reviews and Reviewers**

Managed accounts are reviewed at least quarterly. While the calendar is the main triggering factor, reviews can also be conducted at the client's request. Account reviews will include investment strategy and objectives review and making a change if strategy and objectives have changed. Reviews are conducted by Steven M. Wasserman, with reviews performed in accordance with the client's investment goals and objectives.

Seaport Wealth Management's consulting services do not include monitoring the investments of the client's account(s), and therefore, there is no ongoing review of the client's account(s) under such services.

### **Statements and Reports**

For Seaport Wealth Management's asset management services, the client is provided with transaction confirmation notices and regular quarterly account statements directly from the qualified custodian. Additionally, Seaport Wealth Management may provide position or performance reports to the client quarterly and upon request.

Clients are encouraged to compare any reports or statements provided Seaport Wealth Management against the account statements delivered from the qualified custodian. When the client has questions about the account statement, the client should contact Seaport Wealth Management and the qualified custodian preparing the statement.

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

As referenced in Item 12 above, Seaport Wealth Management may receive an economic benefit from Schwab. Seaport Wealth Management, without cost (and/or at a discount), may receive support services and/or products from Schwab (which may include direct monetary assistance from Schwab to obtain certain services or products).

Seaport Wealth Management's clients do not pay more for investment transactions effected and/or assets maintained at Schwab as a result of this arrangement. There is no corresponding commitment made by Seaport Wealth Management to Schwab or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

**Seaport Wealth Management's Chief Compliance Officer, Steven Wasserman, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.**

Seaport Wealth Management does not compensate, directly or indirectly, any person, other than its representatives, for client referrals.

### **Item 15 – Custody**

Seaport Wealth Management shall have the ability to have its investment management fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. Seaport Wealth Management may also provide a written periodic report summarizing account activity and performance.

**Please Note:** To the extent that Seaport Wealth Management provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by Seaport Wealth Management with the account statements received from the account custodian. The account custodian does not verify the accuracy of Seaport Wealth Management's investment management fee calculation.

**Please Also Note:** Seaport Wealth Management engages in other practices and/or services with respect to the Affiliated Funds that require disclosure at ADV Part 1, Item 9, which practices and/or services are subject to an annual CPA audit accordance with the requirements of Rule 206(4)-2 under the Investment Advisers Act of 1940.

**Seaport Wealth Management's Chief Compliance Officer, Steven Wasserman remains available to address any questions that a client or prospective client may have regarding custody-related issues.**

#### **Item 16 – Investment Discretion**

The client can determine to engage Seaport Wealth Management to provide investment advisory services on a discretionary basis. Prior to Seaport Wealth Management assuming discretionary authority over a client's account, the client shall be required to execute an Asset Management Agreement, naming Seaport Wealth Management as the client's attorney and agent in fact, granting Seaport Wealth Management full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage Seaport Wealth Management on a discretionary basis may, at anytime, impose restrictions, in writing, on Seaport Wealth Management's discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe Seaport Wealth Management's use of a particular strategy, etc.).

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

Except with respect to the Affiliated Funds, Seaport Wealth Management does not vote client proxies and therefore, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.

Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact Seaport Wealth Management to discuss any questions they may have with a particular solicitation.

## **Item 18 – Financial Information**

Seaport Wealth Management does not require or solicit prepayment of more than \$1200 in fees per client, six months or more in advance.

Seaport Wealth Management is not subject to a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.

Seaport Wealth Management has not been the subject of a bankruptcy petition at any time.

**ANY QUESTIONS: Seaport Wealth Management's Chief Compliance Officer, Steven Wasserman, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**