

**Item 1    Cover Page**



# **SeaPlane Partners LLC**

**100 Shoreline Highway, Building B, Suite 300**

**Mill Valley, CA 94941**

**March 28, 2019**

This Brochure provides information about the qualifications and business practices of SeaPlane Partners LLC ("Seaplane", "us", "we", "our"). If you have any questions about the contents of this Brochure, please contact us at (415)688-4441 or via email at [zack@seaplanepartners.com](mailto:zack@seaplanepartners.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about Seaplane is also available via the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by using a unique identifying number, known as a CRD number. The CRD number for Seaplane is 289789. The SEC's web site also provides information about any persons affiliated with Seaplane who are registered, or are required to be registered, as Investment Adviser Representatives of Seaplane.

Seaplane is a Registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information that you may use to determine whether to hire or retain them.

## **Item 2    Material Changes**

Since our last amendment filing on June 8, 2018 we have made no material changes to our business.

In the future, this section of the Brochure will discuss only the specific material changes that were made to the Brochure and will provide you with a summary of all material changes that have occurred since the last filing of this Brochure. This section will also identify the date of our last annual Brochure update.

We will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year end which is December 31<sup>st</sup>. We will provide other ongoing disclosure information about material changes as they occur. We will also provide you with information on how to obtain the complete brochure. Currently, our Brochure may be requested at any time, without charge, by contacting Zachary Perry at (415)688-4441.

## Item 3 – Table of Contents

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Item 1	Cover Page .....	1
Item 2	Material Changes .....	2
Item 3 – Table of Contents	.....	3
Item 4 – Advisory Business Introduction	.....	4
Item 5 – Fees and Compensation	.....	5
Item 6 – Performance Based Fee and Side by Side Management	.....	7
Item 7 – Types of Client(s)	.....	7
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss	.....	7
Item 9 – Disciplinary Information	.....	12
Item 10 – Other Financial Industry Activities and Affiliations	.....	12
Item 11 – Code of Ethics, Participation or Interest in Client Accounts and Personal Trading	.....	13
Item 12 – Brokerage Practices	.....	14
Item 13 – Review of Accounts	.....	17
Item 14 – Client Referrals and Other Compensation	.....	17
Item 15 – Custody	.....	19
Item 16 – Investment Discretion	.....	19
Item 17 – Voting Client Securities	.....	19
Item 18 – Financial Information	.....	19

## Item 4 – Advisory Business Introduction

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### Our Advisory Business

Seaplane Partners, LLC (referred to as “we,” “our,” “us,” or “Seaplane”), a California limited liability company, was formed in May 2017 and is registered as an investment advisor with the SEC. Seaplane is owned by Vine Street Holdings, LLC, which is in turn owned by Zachary W. Perry, Alexander (Sasha) Kovriga and John Bernabei. In addition to their ownership in Vine Street Holdings, LLC, Zack Perry and Sasha Kovriga also have direct ownership in Seaplane and act as the firm’s Managing Directors.

### Services

Seaplane primarily acts as a sub-adviser to Vine Street Wealth Management. Seaplane offers discretionary investment management and investment advisory services for equity and equity income strategies, utilizing securities that include, but are not limited to, common stock, preferred stock, options contracts, corporate bonds, municipal bonds and U.S. government bonds. Seaplane may offer investment advice on the following types of investments:

- equity securities (exchange listed, over-the-counter, exchange-traded funds and foreign issues),
- corporate debt securities,
- municipal securities,
- mutual fund shares,
- U.S. government securities, and
- options contracts on securities.

### Actively Managed Portfolios

#### **Seaplane Alpha Strategy** (Long-term equity focused product)

Goal: Generate superior risk adjusted returns relative to passive indexing for long-term investors

Investors: For investors looking to grow their capital over a 5+ year horizon.

Investments: This will be an equity heavy portfolio that relies on the investment acumen and history of success of the Seaplane professionals. The portfolio’s goal to invest in securities trading substantially below intrinsic value, as calculated by Seaplane professions.

The portfolio will be open to investing in all areas of a company’s capital stack when appropriate. The goal is to benefit from the compounding of returns that usually accrue to equity investors.

#### **Seaplane Yield** (Balanced/Income-focused product)

Goal: Generate a superior income stream to the S&P 500 Index, while offering capital appreciation for long-term needs.

Investors: For investors looking to grow their capital over 5+ years, but with the need to generate near-term income.

Investments: The investments will include securities with a yield that, when taken as a whole, create a portfolio with a yield greater than the S&P 500 Index. Yield will be used as the first step to find securities trading below intrinsic value, as calculated by Seaplane professionals. The combination of yield and value should offer income and capital appreciation for long-term investors. Seaplane will complement those equity investments with a mix of bond ETFs, bond mutual funds, preferred equity and convertible bonds.

## **Wrap Fee**

The Adviser does not sponsor or participate in a third-party sponsored wrap fee program.

## **Assets Under Management**

As of December 31, 2018, we had a total of \$33,773,622 on a discretionary basis and \$0 on a non-discretionary basis.

## **Item 5 – Fees and Compensation**

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### **Asset Management Fee Schedule**

Generally, Seaplane requires that clients open an account with a minimum of \$5 million. Fees for investment management are generally 1% per year of the assets under management. These fees are billed in arrears at the end of each quarter, based on the assets under management as of the last day of the calendar quarter. Clients referred by Vine Street Wealth Management, LLC, a related investment advisor, are billed 0.5% per year. Seaplane may negotiate lower fees based on amount of managed assets.

Seaplane generally requires that Clients provide authorization for Seaplane to deduct its fees directly from Clients' investment accounts. Following are important disclosures about the deduction of management fees:

- Clients must provide authorization for Seaplane to deduct fees by initialing the appropriate section of the Investment Management Agreement.
- Clients will receive a statement from their custodian which shows all transactions in the account, including the deduction of Seaplane's fee.

Clients may elect to pay by check rather than having payment deducted directly from their account.

A Client's relationship may be terminated by either party with 30 days written notice. Upon termination of a relationship, Seaplane will prorate the advisory fees earned through the termination date and send the Client an invoice for the advisory fees due.

Neither Seaplane nor its affiliated persons receive compensation, other than the fees mentioned above, for the sale of securities or other investment products.

Seaplane believes the fees mentioned above are competitive; however similar services may be available from other sources at a lower price.

### **Automatic Payment of Fee**

The Client agrees to authorize the Custodian to pay directly to Seaplane upon receipt of notice, the Account's investment advisory services fee. Fee withdrawals will occur no more frequently than quarterly from the Client's Account, unless specifically instructed otherwise by the Client.

The Custodian will send to the Client a statement, at least quarterly, indicating all amounts disbursed from the Account, including the fee paid directly to Seaplane. Seaplane's access to the Assets of the Account will be limited to trading and the withdrawals authorized above. If you do not want us to charge your account for the fee, you may pay the fee directly to us. We will send you an invoice detailing the fee calculation. Fees are due in full 15 days after receipt of the invoice.

### **Third-party Fees**

Our fees do not include brokerage commissions, transaction fees, and other related costs and expenses. You may incur certain charges imposed by custodians, third-party investment companies and other third parties. These include fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds, money market funds and exchange-traded funds (ETFs) also charge internal management fees, which are disclosed in the fund's prospectus. These fees may include, but are not limited to, a management fee, upfront sales charges, and other fund expenses. Certain strategies offered by us may involve investment in mutual funds and/or ETFs. Load and no load mutual funds may pay annual distribution charges, sometimes referred to as "12(b)(1) fees". These 12(b)(1) fees come from fund assets, and thus indirectly from clients' assets. We do not receive any compensation from these fees. All of these fees are in addition to the management fee you pay us. You should review all fees charged to fully understand the total amount of fees you will pay. Services similar to those offered by us may be available elsewhere for more or less than the amounts we charge. Our brokerage practices are discussed in more detail under Item 12 – Brokerage Practices.

### **Other Compensation**

The owners and principals of Seaplane are also the owners and principals of Vine Street Wealth Management, LLC ("Vine Street"), a registered investment advisor. Vine Street creates an investment allocation analysis for each of its Clients which includes a target model portfolio. Vine Street then generally recommends third party investment advisors to manage the assets. When appropriate, Vine Street will refer Clients to Seaplane to manage some or all of the Client portfolio. In these cases, Seaplane reduces its standard 1% fee to 0.5% and Vine Street receives its standard 0.5% fee.

While our owners and principals endeavor at all times to put the interest of our clients first as part of our fiduciary duty, the possibility of receiving incentive awards creates a conflict of interest, and may affect their judgment when making recommendations. We require that all IARs disclose this conflict of interest when such recommendations are made. Also, we require IARs to disclose that Clients may purchase recommended insurance products from other insurance agents not affiliated with us.

## **Item 6 – Performance Based Fee and Side by Side Management**

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We do not charge any performance-based fees. These are fees based on a share of capital gains on or capital appreciation of the assets of a client.

## **Item 7 – Types of Client(s)**

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We provide investment advisory services to individuals, high net worth individuals, institutional investors, charitable foundations and other investment advisors.

Our minimum account opening balance is \$5 Million which may be negotiable based upon certain circumstances.

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

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### **Methods of Analysis**

Seaplane's primary method of analysis is fundamental analysis using financial newspapers and magazines; inspection of corporate activities; research materials prepared by others; corporate rating services; annual reports, prospectuses, filings with the SEC; company press releases; and websites. As part of our overall investment management discipline, the implementation of these analyses as part of our investment advisory services to you may include any, all or a combination of the following:

### **Fundamental Analysis**

Fundamental analysis is a technique that attempts to determine a security's value by focusing on the underlying factors that affect a company's actual business and its future prospects. Fundamental analysis is about using real data to evaluate a security's value. It refers to the analysis of the economic well-being of a financial entity as opposed to only its price movements.

The end goal of performing fundamental analysis is to produce a value that we can compare with the security's current price, with the aim of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short).

### **Modern Portfolio Theory (MPT)**

We use Modern Portfolio Theory to help select the funds we use in your account.

Modern portfolio theory tries to understand the market as a whole, rather than looking for what makes each investment opportunity unique. Investments are described statistically, in terms of their expected long-term return rate and their expected short-term volatility. The volatility is equated with "risk," measuring how much worse than average an investment's bad years are likely to be. The end goal is to identify your acceptable level of risk tolerance, and then to find a portfolio with the maximum expected return for that level of risk.

## **Investment Strategies**

Seaplane invests and manages Client portfolios in accordance with an investment strategy selected by the Client. The selected strategy is then based on a model portfolio of securities that Seaplane believes best represents the Client's strategy in accordance with the Client's overall investment objectives and any Client-imposed restrictions.

Clients may impose restrictions on investing in certain securities. Clients may also place restrictions on the percentage of assets under management that may be held in the security of any one company.

Seaplane relies heavily on its own intensive fundamental research and value-based discipline. Seaplane's long-term focus treats investing in stocks as a means to participate in the long-term ownership benefits of a business. Seaplane's approach affords it the patience and discipline it believes is missing in many of its competitors' trading-oriented cultures. Most importantly, Seaplane believes a long-term focus on compounding reasonable returns while controlling risk of permanent losses helps Clients stay the course of its investment strategy. Too often, Clients' search for the next hot manager and/or the fear and excitement of a volatile market drives them to trade managers in a counterproductive manner. Seaplane's objective is to convince Clients of its methodical long-term value approach and subsequently generate compounding returns.

Seaplane's investment discipline is based on purchasing businesses below intrinsic value and waiting for returns. Successful execution of trading below intrinsic value means that returns to shareholders should compound at an above market rate.

## **Risk of Loss**

We cannot guarantee our analysis methods will yield a return. In fact, a loss of principal is always a risk. Investing in securities involves a risk of loss that you should be prepared to bear. You need to understand that investment decisions made for your account by us are subject to various market, currency, economic, political and business risks. The investment decisions we make for you will not always be profitable nor can we guarantee any level of performance.

A list of all risks associated with the strategies, products and methodology we offer are listed below:

### **Alternative Investment Risk**

Investing in alternative investments is speculative, not suitable for all clients, and intended for experienced and sophisticated investors who are willing to bear the high economic risks of the investment, which can include:

- Loss of all or a substantial portion of the investment due to leveraging, short-selling or other speculative investment practices
- Lack of liquidity in that there may be no secondary market for the fund and none expected to develop
- Volatility of returns
- Absence of information regarding valuations and pricing
- Delays in tax reporting



- Less regulation and higher fees than mutual funds.

### **Bond Fund Risk**

Bond funds generally have higher risks than money market funds, largely because they typically pursue strategies aimed at producing higher yields of the risks associated with bond funds include:

- **Call Risk** - The possibility that falling interest rates will cause a bond issuer to redeem—or call—its high-yielding bond before the bond's maturity date.
- **Credit Risk** — the possibility that companies or other issuers whose bonds are owned by the fund may fail to pay their debts (including the debt owed to holders of their bonds). Credit risk is less of a factor for bond funds that invest in insured bonds or U.S. Treasury bonds. By contrast, those that invest in the bonds of companies with poor credit ratings generally will be subject to higher risk.
- **Interest Rate Risk** — the risk that the market value of the bonds will go down when interest rates go up. Because of this, you can lose money in any bond fund, including those that invest only in insured bonds or Treasury bonds.
- **Prepayment Risk** — the chance that a bond will be paid off early. For example, if interest rates fall, a bond issuer may decide to pay off (or "retire") its debt and issue new bonds that pay a lower rate. When this happens, the fund may not be able to reinvest the proceeds in an investment with as high a return or yield.

### **Counterparty Risks**

Transactions may be affected in “over-the-counter” or “interdealer” markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of “exchange-based” markets. This exposes Clients to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing Clients to suffer a loss.

### **Convertible Securities**

The investment value of a convertible security is influenced by changes in interest rates, with investment value declining as interest rates increase and increasing as interest rates decline. The credit standing of the issuer and other factors may also have an effect on the investment value of convertible securities. The conversion value of a convertible security is determined by the market price of the underlying common stock. To the extent the market price of the underlying common stock approaches or exceeds the conversion price, the price of the convertible security will be increasingly influenced by its conversion value. A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security's governing instrument. If a convertible security is called for redemption, a Client will be required to permit the issuer to redeem the security, convert it into the underlying common stock or sell it to a third-party. Any of these actions could have an adverse effect on the Client's ability to achieve its investment objective.

## **Fundamental Analysis Risk**

Fundamental analysis, when used in isolation, has a number of risks:

- There are an infinite number of factors that can affect the earnings of a company, and its stock price, over time. These can include economic, political and social factors, in addition to the various company statistics.
- The data used may be out of date.
- It is difficult to give appropriate weightings to the factors.
- It assumes that the analyst is competent.
- It ignores the influence of random events such as oil spills, product defects being exposed, and acts of God and so on.

## **Modern Portfolio Theory (MPT) Risk**

Modern Portfolio Theory tries to understand the market as a whole and measure market risk in an attempt to reduce the inherent risks of investing in the market. However, with every financial investment strategy there is a risk of a loss of principal. Not every investment decision will be profitable, and there can be no guarantee of any level of performance.

## **Exchange Traded Fund (“ETF”) Risk**

Most ETFs are passively managed investment companies whose shares are purchased and sold on a securities exchange. An ETF represents a portfolio of securities designed to track a particular market segment or index. ETFs are subject to the following risks that do not apply to conventional funds:

- The market price of the ETF’s shares may trade at a premium or a discount to their net asset value;
- An active trading market for an ETF’s shares may not develop or be maintained; and
- There is no assurance that the requirements of the exchange necessary to maintain the listing of an ETF will continue to be met or remain unchanged

## **Investing in High Yield Securities**

High-yield securities are generally not exchange traded and, as a result, these instruments trade in the over-the-counter marketplace, which is less transparent than the exchange-traded marketplace. High-yield securities face ongoing uncertainties and exposure to adverse business, financial or economic conditions which could lead to the issuer’s inability to meet timely interest and principal payments.

## **Limited Diversification**

Investments may be primarily focused geographically in North American countries. Furthermore, broad diversification of investments in number or by industry or geography is not a primary investment concern of Seaplane. This limited diversity could expose Clients to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in those investments.

More information about the Client’s investments and the associated risk factors is available in the Client’s Advisory Agreement.

## **Mutual Funds Risk**

The following is a list of some general risks associated with investing in mutual funds.

- **Country Risk** - The possibility that political events (a war, national elections), financial problems (rising inflation, government default), or natural disasters (an earthquake, a poor harvest) will weaken a country's economy and cause investments in that country to decline.
- **Currency Risk** -The possibility that returns could be reduced for Americans investing in foreign securities because of a rise in the value of the U.S. dollar against foreign currencies. Also called exchange-rate risk.
- **Income Risk** - The possibility that a fixed-income fund's dividends will decline as a result of falling overall interest rates.
- **Industry Risk** - The possibility that a group of stocks in a single industry will decline in price due to developments in that industry.
- **Inflation Risk** - The possibility that increases in the cost of living will reduce or eliminate a fund's real inflation-adjusted returns.
- **Manager Risk** -The possibility that an actively managed mutual fund's investment adviser will fail to execute the fund's investment strategy effectively resulting in the failure of stated objectives.
- **Market Risk** -The possibility that stock fund or bond fund prices overall will decline over short or even extended periods. Stock and bond markets tend to move in cycles, with periods when prices rise and other periods when prices fall.
- **Principal Risk** -The possibility that an investment will go down in value, or "lose money," from the original or invested amount.

## **Stock Fund Risk**

Overall "market risk" poses the greatest potential danger for investors in stocks funds. Stock prices can fluctuate for a broad range of reasons, such as the overall strength of the economy or demand for particular products or services.

## **Small and Mid-Cap Risks**

Securities of small-cap issuers may present greater risks than those of large-cap issuers. For example, some small- and mid-cap issuers often have limited product lines, markets, or financial resources. They may be subject to high volatility in revenues, expenses and earnings. Their securities may be thinly traded, may be followed by fewer investment research analysts and may be subject to wider price swings and thus may create a greater chance of loss than when investing in securities of larger-cap issuers. The market prices of securities of small- and mid-cap issuers generally are more sensitive to changes in earnings expectations, to corporate developments and to market rumors than are the market prices of large-cap issuers.

## **Overall Risks**

Clients need to remember that past performance is no guarantee of future results. All funds carry some level of risk. You may lose some or all of the money you invest, including your principal, because the

securities held by a fund goes up and down in value. Dividend or interest payments may also fluctuate, or stop completely, as market conditions change.

Before you invest, be sure to read a fund's prospectus and shareholder reports to learn about its investment strategy and the potential risks. Funds with higher rates of return may take risks that are beyond your comfort level and are inconsistent with your financial goals.

While past performance does not necessarily predict future returns, it can tell you how volatile (or stable) a fund has been over a period of time. Generally, the more volatile a fund, the higher the investment risk. If you'll need your money to meet a financial goal in the near-term, you probably can't afford the risk of investing in a fund with a volatile history because you will not have enough time to ride out any declines in the stock market.

## **Item 9 – Disciplinary Information**

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Registered Investment Advisers 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. We do not have any information to disclose concerning Seaplane or any of our IARs. We adhere to high ethical standards for all IARs and associates.

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

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As a registered investment advisor, Seaplane is required to disclose when Seaplane, or any of its principals, have any other financial industry affiliations. Neither Seaplane nor its affiliated persons have material outside business affiliations, arrangements or registrations, pending or otherwise, with other companies, regulatory organizations or persons other than those disclosed below.

The owners and principals of Seaplane are also the owners and principals of Vine Street Wealth Management, LLC (“Vine Street”), a registered investment advisor. Vine Street creates an investment allocation analysis for each of its Clients which includes a target model portfolio. Vine Street then generally recommends third party investment advisors to manage the assets. When appropriate, Vine Street will refer Clients to Seaplane to manage some or all of the Client portfolio. In these cases, Seaplane reduces its standard 1% fee to 0.5% and Vine Street receives its standard 0.5% fee.

## **Item 11 – Code of Ethics, Participation or Interest in Client Accounts and Personal Trading**

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### **General Information**

We have adopted a Code of Ethics for all IAR's of the firm describing its high standards of business conduct, and fiduciary duty to you, our client. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts, the reporting of certain gifts and business entertainment items, and personal securities trading procedures. All of our IAR's must acknowledge the terms of the Code of Ethics annually, or as amended.

### **Participation or Interest in Client Accounts**

Our Compliance policies and procedures prohibit anyone associated with Seaplane from having an interest in a client account or participating in the profits of a client's account without the approval of the CCO.

The following acts are prohibited:

- Employing any device, scheme or artifice to defraud
- Making any untrue statement of a material fact
- Omitting to state a material fact necessary in order to make a statement, in light of the circumstances under which it is made, not misleading
- Engaging in any fraudulent or deceitful act, practice or course of business
- Engaging in any manipulative practices

Clients and prospective clients may request a copy of the firm's Code of Ethics by contacting the CCO.

### **Personal Trading**

Seaplane has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of "Access Persons". The policy requires that an Access Person of the firm provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date the Adviser selects; provided, however that at any time that the Adviser has only one Access Person, he or she shall not be required to submit any securities report described above.

We have established the following restrictions in order to ensure our fiduciary responsibilities regarding insider trading are met:

- No securities for our personal portfolio(s) shall be bought or sold where this decision is substantially derived, in whole or in part, from the role of IARs of Seaplane, unless the information

is also available to the investing public on reasonable inquiry. In no case, shall we put our own interests ahead of yours.

## **Privacy Statement**

We are committed to safeguarding your confidential information and hold all personal information provided to us in the strictest confidence. These records include all personal information that we collect from you or receive from other firms in connection with any of the financial services they provide. We also require other firms with whom we deal with to restrict the use of your information. Our Privacy Policy is available upon request.

## **Conflicts of Interest**

Seaplane's IARs may employ the same model portfolio for their personal investment accounts as it does for its clients. However, IARs may not place their orders in a way to benefit from the purchase or sale of a security over a client.

We act in a fiduciary capacity. If a conflict of interest arises between us and you, we shall make every effort to resolve the conflict in your favor. Conflicts of interest may also arise in the allocation of investment opportunities among the accounts that we advise. We will seek to allocate investment opportunities according to what we believe is appropriate for each account. We strive to do what is equitable and in the best interests of all the accounts we advise.

## **Item 12 – Brokerage Practices**

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### **Factors Used to Select Custodians**

In selecting brokers to execute portfolio transactions, Seaplane makes a good faith judgment of about which broker would be appropriate. Seaplane takes into consideration not only the available prices and rates of brokerage commissions, but also other relevant factors that may include (without limitation):

- the execution capabilities of the broker/dealer,
- research (including economic forecasts, investment strategy advice, fundamental and technical advice on individual securities, valuation advice and market analysis),
- custodial and other services provided by the broker/dealer that are expected to enhance Seaplane's general portfolio management capabilities,
- the size of the transaction,
- the difficulty of execution,
- the operational facilities of the broker-dealers involved,
- the risk in positioning a block of securities, and

- the quality of the overall brokerage and research services provided by the broker/dealer.

When Seaplane selects the broker/dealer for a transaction, Seaplane may cause the Client to pay a higher commission for effecting a transaction than another broker/dealer would have charged for effecting that transaction. Seaplane does this if it determines in good faith that the amount of the commission is reasonable in relation to the value of the brokerage and research services provided by the broker/dealer. The determination is viewed in terms of either the particular transaction or Seaplane's overall responsibilities to its Clients.

Seaplane seeks to use a custodian/broker who will hold Client assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. Seaplane considers a wide range of factors, including, among others:

- combination of transaction execution services and asset custody services (generally without a separate fee for custody),
- capability to execute, clear, and settle trades (buy and sell securities for Client accounts),
- capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.),
- breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds (ETFs), etc.),
- availability of investment research and tools that assist us in making investment decisions,
- quality of services,
- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices,
- reputation, financial strength, and stability,
- prior service to Seaplane and its other Clients, and
- availability of other products and services that benefit us, as discussed below (see *"Products and Services Available to Seaplane From Schwab"*).

## **The Custodian and Brokers Used by Seaplane**

Seaplane does not maintain custody of Client assets, although it may be deemed to have custody of Client assets if the Client gives Seaplane authority to withdraw assets from the account (see "Item 15: Custody"). Client assets must be maintained in an account at a "qualified custodian," generally a broker/dealer or bank.

Seaplane may request that Clients use Charles Schwab & Co., Inc. ("Schwab"), a registered broker/dealer, member SIPC, as the qualified custodian. Seaplane is independently owned and operated and is not affiliated with Schwab. Schwab will hold Client assets in a brokerage account and buy and sell securities

when Seaplane instructs them to. While Seaplane requests that Clients use Schwab as custodian/broker, each Client will decide whether to do so and will open an account with Schwab by entering into an account agreement directly with them. Seaplane does not open the account for Clients, although it may assist Clients in doing so.

Seaplane may, as an alternative, recommend that Clients use TD Ameritrade as the qualified custodian. TD Ameritrade is a discount broker-dealer independent of and unaffiliated with Seaplane and there is no employee or agency relationship between TD Ameritrade and Seaplane. TD Ameritrade will hold Client assets in a brokerage account and buy and sell securities when Seaplane instructs them to. While Seaplane recommends that Clients use TD Ameritrade as custodian/broker, each Client will decide whether to do so and will open an account with TD Ameritrade by entering into an account agreement directly with them. Seaplane does not open the account for Clients, although it may assist Clients in doing so.

Not all advisors require their clients use a particular broker-dealer or other custodian selected by the advisor. Even though Client account(s) is/are maintained at Schwab and/or TD Ameritrade, Seaplane can still use other brokers to execute trades for Client accounts as described below (see “Client Brokerage and Custody Costs”).

## **Soft Dollars**

We do not receive any soft dollars from broker-dealers, custodians or third-party money managers.

## **Best Execution**

We have an obligation to seek best execution for you. In seeking best execution, the determinative factor is not the lowest possible commission 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, reputation and responsiveness. Therefore, we will seek competitive commission rates, but we may not obtain the lowest possible commission rates for account transactions.

## **Brokerage for Client Referrals**

In selecting and/or recommending broker-dealers, we do not take into consideration whether or not we will receive client referrals from the broker-dealer or third-party.

## **Directed Brokerage**

We do not permit directed brokerage. We will require you to use the custodian of our choosing as the custodial firm.

## **Trading**

Transactions for each client account generally will be affected independently, unless we decide to purchase or sell the same securities for several clients at approximately the same time. We may (but are not obligated to) combine or “batch” such Orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among our clients’ differences in prices and commission or other



transaction costs. Under this procedure, transactions will be price-averaged and allocated among our clients in proportion to the purchase and sale orders placed for each client account on any given day.

Transactions placed in an asset management account by a third-party manager will be executed through their broker-dealer or custodian. In determining best execution for these transactions, the third-party manager is looking at 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. While they look for competitive commission rates, they may not obtain the lowest possible commission rates for account transactions. The aggregation and allocation practices of mutual funds and third-party managers that we recommend to you are disclosed in the respective mutual fund prospectuses and third-party manager disclosure documents which will be provided to you.

## **Item 13 – Review of Accounts**

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### **Reviews**

Seaplane reviews Client accounts on at least a semi-annual basis to ensure consistency with the Client's strategy and performance objectives. Accounts are reviewed (1) when a decision has been made regarding a security held in the account, such as the addition, liquidation or the switching of a position; (2) when prompted by Client communication; (3) when notified of a contribution or withdrawal of assets; (4) when a decision has been made to alter the asset allocation; (5) at the discretion of the portfolio management, client service or trading teams. The reviews are primarily conducted by Zachary W. Perry and Sasha Kovriga, co-CIOs.

Reviews may take place more frequently if triggered by economic, market, or political conditions.

### **Reports**

You will be provided with account summary statements reflecting the transactions occurring in the account and investment performance on at least a quarterly basis. These statements will be written or electronic depending upon what you selected when you opened the account. You will be provided with paper confirmations for each securities transaction executed in the account by the custodian. You are obligated to notify us of any discrepancies between the statements provided by Seaplane and the custodian(s) or any concerns you have about the account(s).

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

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### **Charles Schwab & Co., Inc.**

Seaplane receives an economic benefit from Schwab in the form of the support products and services it makes available to Seaplane and other independent investment advisors whose Clients maintain their accounts at Schwab. These products and services, how they benefit Seaplane, and the related conflicts of

interest are described above (see “Item 12: Brokerage Practices”). The availability to Seaplane of Schwab’s products and services is not based on it giving particular investment advice, such as buying particular securities for Clients.

### **TD Ameritrade**

As disclosed in “Item 12: Brokerage Practices,” Seaplane participates in TD Ameritrade’s institutional customer program and Seaplane may recommend that Clients use TD Ameritrade for custody and brokerage services. There is no direct link between Seaplane’s participation in the program and the investment advice it gives its Clients, although Seaplane receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount):

- receipt of duplicate client statements and confirmations,
- research related products and tools,
- consulting services,
- access to a trading desk serving investment advisor participants,
- access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts),
- the ability to have advisory fees deducted directly from Client accounts,
- access to an electronic communications network for Client order entry and account information,
- access to mutual funds with no transaction fees and to certain institutional money managers, and
- discounts on compliance, marketing, research, technology, and practice management products or services provided to Seaplane by third party vendors.

TD Ameritrade may also have paid for business consulting and professional services received by Seaplane’s related persons. Some of the products and services made available by TD Ameritrade through the program may benefit Seaplane but may not benefit its Client accounts. These products or services may assist Seaplane in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Seaplane manage and further develop its business enterprise. The benefits received by Seaplane or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to Clients, Seaplane endeavors at all times to put the interests of its Clients first. Clients should be aware, however, that Seaplane’s receipt of economic benefits in and of itself creates a potential conflict of interest and may indirectly influence its choice of TD Ameritrade for custody and brokerage services.

Seaplane’s participation in the above TD Ameritrade programs does not diminish its duty to act in the best interests of its Clients, including to seek best execution of trades for Client accounts.

## **Item 15 – Custody**

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If Clients give Seaplane authority to deduct fees directly from the Client's separately account, Seaplane has custody of those assets. In order to avoid additional regulatory requirements in these cases, Seaplane follows the procedures outlined in "Item 5: Fees and Compensation." Clients will also receive quarterly statements directly from custodian of the account that details all transactions in the account. At no time does Seaplane accept physical custody of Client assets.

## **Item 16 – Investment Discretion**

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As one of the conditions of managing Client accounts, Clients are required to provide Seaplane with discretionary authority to manage Client assets. Discretionary authority means that Clients are giving Seaplane a limited power of attorney to place trades on the Clients' behalf. This limited power of attorney does not allow Seaplane to withdraw money from Client accounts, other than advisory fees if Clients agree to give that authority.

A Client grants Seaplane discretionary authority by completing the following items:

- Sign a contract with Seaplane that provides a limited power of attorney to place trades on behalf of the Client. Any limitations to the trading authorization will be added to this agreement.
- Provide Seaplane with discretionary authority on new account forms that are submitted to the broker/dealer acting as custodian for Client account(s).

Clients may request that Seaplane exclude securities or hold a larger cash position.

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

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As a matter of firm policy and practice, we do not have any authority to and do not vote proxies on behalf of advisory clients. You retain the responsibility for receiving and voting proxies for any and all securities maintained in your portfolios. We may provide advice to you regarding your voting of proxies. The custodian will forward you copies of all proxies and shareholder communications relating to your account assets.

## **Item 18 – Financial Information**

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We are required to provide you with certain financial information or disclosures about our financial condition. We have no financial commitment that would impair our ability to meet any contractual and fiduciary commitments to you, our client. We have not been the subject of any bankruptcy proceedings.

In no event shall we charge advisory fees that are both in excess of twelve hundred dollars and more than six months in advance of advisory services rendered.