

**Form ADV Part 2A – Firm Brochure**

**SEAPORT CAPITAL, LLC**  
**March 24, 2022**

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**This brochure provides information about the qualifications and business practices of Seaport Capital, LLC, an investment adviser registered with the United States Securities and Exchange Commission (the “SEC”). If you have any questions about the contents of this brochure, please contact us at (212) 847-8900 or [hkaufman@seaportcapital.com](mailto:hkaufman@seaportcapital.com).**

**This information has not been approved or verified by the SEC or by any state securities authority.**

**Registration with the SEC or with any state securities authority does not imply a certain level of skill or training. Additional information about Seaport Capital, LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **Item 2: Material Changes**

There have been no material changes since our last annual amendment filed on March 26, 2021.

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#### **Item 4: Advisory Business**

Seaport Capital, LLC (“Seaport”), a New York City-based private equity firm, was formed in 2000 to make and manage investments by pooled investment vehicles structured as limited partnerships or other similar entities (each a “Fund” and, collectively, the “Funds”) in private middle market companies operating in the communications, business and information services, and media sectors (the “Focus Sectors”). Each Fund is managed by a general partner or manager entity that is an affiliate of Seaport (each a “Manager” and collectively, the “Managers”). The group that became Seaport Capital operated as a division of Communications Equity Associates from 1997 to 2000. Until February 13, 2017, Seaport was owned by its founders, William K. Luby and James J. Collis. M. Scott McCormack and Robert Tamashunas each now owns 50% of Seaport’s interests. Mr. Luby and Mr. Collis continue to be integrally involved in the firm’s business.

Seaport’s founders have worked together for more than 30 years, and the senior members of the firm’s investment team (the “Senior Principals”) have more than 110 years of investment experience in the Focus Sectors. Seaport is a value-based, active investor that seeks to grow its portfolio companies and protect its Funds’ capital. Key elements sought in its investments include: recurring revenues; high organic EBITDA (earnings before interest, taxes, depreciation and amortization) (or other measures of earnings) intended to serve as a proxy for a company’s cash flow from operations; growth rates driven by expanding markets; attractive underlying unit economics and strong operating leverage; and, high level of industry fragmentation.

Seaport tailors its advisory services to the specific investment objectives and restrictions of each Fund as set forth in each Fund’s offering memorandum (or other information documents, as applicable), limited partnership agreement, limited liability company agreement, management agreement (where applicable) and “side letters,” as applicable (collectively, the “Documents”). Seaport does not vary its investment advice from the terms of these Documents. In accordance with common industry practice, the Funds may enter into “side letters” or side agreements with certain investors in the Funds, pursuant to which a Manager may grant an investor specific rights, benefits, or privileges.

Included as Funds may be parallel funds and alternative investment vehicles (“AIVs”), which are organized on terms substantially similar to those of their related Funds to meet the needs of certain classes of investors or to address legal, regulatory or tax concerns. Each parallel fund will invest on a pro rata basis in the corresponding Fund’s transactions. Also included are co-investment vehicles (“Co-Invests”) formed and operated by Seaport through which certain persons may invest alongside the Funds in certain investments made by the Funds.

Seaport also uses special purpose vehicles (“SPVs”) to make investments in certain new portfolio

companies or different security classes of existing portfolio companies. An SPV may be formed due to Documents restrictions or limitations on the availability of investment capital in the Funds. An SPV's partners or members may include certain investors in the Funds, business contacts of Seaport, and members of Seaport management.

Item 11 below provides additional information about Seaport's allocation of investment opportunities.

As of December 31, 2021, Seaport had \$568,192,000 in discretionary assets (including uncalled capital) and \$-0- in non-discretionary assets under management, in four multi-investment funds (including two parallel funds), a co-investment entity and two special purpose vehicles.

## **Item 5: Fees and Compensation**

### Seaport Compensation

Except as described below and subject to the provisions of their Documents, Seaport charges its multi-investment Funds an annual management fee, payable quarterly in advance. The management fee typically ranges from (i) 1.5%-2.0% of a Fund's aggregate capital commitments during the investment period, and (ii) thereafter, 1.5%-2.0% of net invested capital, until a date determined pursuant to the Documents. In some cases, the management fees paid by Seaport personnel and their affiliates are lower or are eliminated.

Management fees are billed to each Fund or its Manager and paid by the Fund or its Manager from the Fund's assets. To obtain cash for the payment of management fees, the Manager of the Fund either draws down investors' capital commitments or uses cash on hand.

Seaport also receives performance fees from certain Funds, based on income and capital appreciation and referred to as "Carried Interest." Item 6 below describes the Funds' performance-based fees.

These fees are generally not negotiable other than in certain circumstances in which Seaport forms a parallel fund. To date, management fees and Carried Interest have not been charged to the Co-Invests or SPVs. Seaport may, in its discretion, structure any Co-Invests or SPVs either with or without management fee or Carried Interest, or Seaport or an affiliate may receive (and in certain cases, has received) either a separate equity interest in a portfolio company in conjunction with such entity's investment therein or a separate equity interest in such Co-Invest or SPV.

Seaport receives additional compensation from certain portfolio companies from fees earned in connection with portfolio transactions, monitoring and/or oversight services, and break-up and other fees. A portion of these fees is offset against the Funds' management fees, if any, if so provided in the respective Funds' Documents.

#### Organizational Expenses

The Funds pay organizational expenses incurred in connection with their formation and, when a placement agent is engaged, placement agent fees and related expenses; however, excess organizational expenses (as defined in the Documents), if any, and all placement agent fees, reduce management fees otherwise payable by an equivalent amount.

#### Expenses Associated with Unconsummated Investments

Seaport tracks and allocates fees and expenses associated with each investment opportunity, based on each Fund's pro rata participation in an investment opportunity, subject to any applicable fund restrictions. Multi-investment Funds with capital available for new investments will absorb expenses related to or arising from unconsummated investments in which they would have invested if such opportunities had been consummated. Generally, Seaport or a Manager will absorb the costs of unconsummated investments that would have been made by SPVs.

#### Expenses Incurred in Connection with Funds' Operations

Funds are also subject to other investment and administrative expenses. Each Fund generally absorbs the cost of expenses directly related to its operations, including (but not limited to): legal, auditing and tax return preparation expenses; if applicable, expenses of the advisory board and meetings of the investors; taxes, filing fees or other governmental charges; other expenses associated with the acquisition, holding and disposition of its investments; and, in certain cases, extraordinary expenses (such as costs of legal representation). Where provided for or permitted by the Documents, Funds also absorb a share of indirect expenses such as (but not limited to) the cost of investor reporting and of directors and officers insurance. Shared expenses are allocated based on committed capital, investment cost and/or fair value of the assets and liabilities of such investments and Funds or on the nature of a Fund's use of the underlying service.

The Funds may incur brokerage and other transaction costs. Item 12 below provides more information about Seaport's brokerage practices.

#### Fees and Expenses Paid to Seaport or the Funds by Portfolio Companies

Fees paid by portfolio companies in connection with a Fund's investment will be allocated between a Fund and Seaport in accordance with the provisions of such Fund's limited partnership or operating agreement or related management agreement. In the event such agreement does not address the allocation of such fees, the fees will be retained by Seaport. In the event that more than one Fund has an investment in a portfolio company that pays fees to Seaport, each Fund's share of the fees for the purpose of calculating a management fee reduction or other benefit to such Fund

generally will be determined by reference to such Fund's limited partnership, operating and/or management agreement and using such Fund's pro rata share of the Funds' combined total investment in such portfolio company.

Seaport personnel serve as members of portfolio companies' boards of directors. The portfolio companies reimburse Seaport for travel-related and other expenses incurred by Seaport personnel in connection with (i) their board service and (ii) due diligence related to merger and acquisition opportunities.

#### **Item 6: Performance-Based Fees and Side-by-Side Management**

As referenced in Item 5, Seaport and certain Funds' Managers, which are affiliates of Seaport, receive Carried Interest, a performance-based allocation of up to 20% of the net profits (or a lesser percentage of gross profits) of those Funds, after the investors have received distributions in the amount of their contributed capital, as defined in the Documents, generally plus a preferred return. Seaport personnel are subject to Carried Interest allocations on their investments in the Funds to the extent provided in each Fund's Documents; in some cases, the Carried Interest paid by Seaport personnel and their affiliates is lower or is eliminated. Each Fund maintains for each investor in the Fund a capital account that is adjusted to reflect any allocations of net gain or loss. Seaport's affiliates and/or employees are members or partners of the Managers that receive these performance distributions from the Funds.

#### **Item 7: Types of Clients**

Seaport provides advice directly to the Funds, which are pooled investment vehicles, and not to individual investors. The Funds are currently Seaport's only clients. Access to the Funds is limited to investors who meet specified minimum investment criteria relating to their financial holdings, investment experience, and the like, as well as financially knowledgeable Seaport personnel. Investors and potential investors in a Fund are provided with that Fund's Documents, which identify the strategies' investment objectives along with associated risk factors.

Investors in the Funds generally include high net worth individuals, family offices, banks, pension and profit-sharing plans, trusts, university endowments, insurance companies, corporations, limited partnerships and limited liability companies and other business entities.

With certain exceptions, Seaport requires that each investor is (i) an "accredited investor" as defined in Regulation D under the Securities Act of 1933 or (ii) a "qualified purchaser", within the meaning of 2(a)(51) of the Investment Company Act of 1940, as amended.

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

Over the years, Seaport has formulated and executed an investment strategy that typically (but not exclusively) targets EBITDA (or other indicators of cash flow) -positive businesses in the Focus Sectors that are led by seasoned management teams. Seaport expects its portfolio companies generally to demonstrate a sustained pattern of recurring revenues, growing EBITDA, and strong operating leverage.

Seaport follows a multi-faceted, disciplined investment approach that incorporates:

- Macro analysis, identifying areas where there is an opportunity to invest in growing companies at low relative valuations;
- Mining of Seaport's network of relationships within the Focus Sectors to originate transactions;
- Focus on business models displaying recurring revenues, growing EBITDA, and strong operating leverage combined with the use of conservative capital structures employing modest leverage;
- Strong post-investment involvement and partnership with management teams to grow and develop the Funds' investments; and
- Measured approach to exiting companies that seeks to maximize returns to the Funds' partners.

Seaport seeks to generate strong returns in rising and declining markets and throughout economic cycles by focusing largely on growing recurring revenue streams in order to maximize cash flow and shareholder value. Once an investment has been made, Seaport utilizes its investment team's industry knowledge to be an active, value-added partner to management. Seaport believes that a clearly defined and explicit exit strategy is important when establishing goals with portfolio company management. Investments are made only in situations where the investment team is satisfied that a realization of the investment will be achievable within an acceptable time frame.

The investment strategies described above, and other strategies that may be pursued by the Funds, involve a substantial degree of risk, and the Funds may lose all or a substantial portion of the value of their investments. Material risks relating to the investment strategies and methods of analysis described above are described in more detail in the applicable Fund's Documents and include the following:

### Material Risks Related to Investment Strategies and Investment in the Funds

#### **Business Risks; Future and Past Performance**

The Funds' investment portfolios consist primarily of securities issued by privately-held companies, and operating results in a particular period may be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.



**Concentration of Investments**

The Funds participate in a limited number of investments and make most of their investments in a few industry segments. As a result, the Funds' investment portfolios could become highly concentrated in a single or a few investments, the performance of which may substantially affect the Funds' aggregate returns. Furthermore, to the extent that the capital raised is less than the targeted amount, the Funds may invest in fewer portfolio companies and thus be less diversified.

**Lack of Sufficient Investment Opportunities**

It is possible that a Fund may never become fully invested if enough sufficiently attractive investments are not identified. The business of identifying and structuring private equity transactions is highly competitive and involves a high degree of uncertainty.

**Need for Follow-On Investments**

Following initial investment in a given portfolio company, a Fund may decide to provide additional funds to such portfolio company or may have the opportunity to increase its investment in a successful portfolio company. There is no assurance that a Fund will make follow-on investments or that a Fund will have sufficient funds to make all or any of such investments. Any decision by a Fund not to make follow-on investments or its inability to make such investments may have a substantial negative effect on a portfolio company in need of such an investment or may result in a lost opportunity for a Fund to increase its participation in a successful operation.

**Reliance on the General Partners and Portfolio Company Management**

The Funds are entirely dependent on the Senior Principals for their investments. Control over the Funds' operations is vested entirely with the Senior Principals, and the Funds' future profitability depends largely upon their business and investment acumen. The loss of service of one or more of the Senior Principals could have an adverse effect on the Funds' ability to realize their investment objectives. The partners generally have no right or power to take part in the management of the Funds. Although the Senior Principals monitor the performance of each Fund investment, it is primarily the responsibility of each portfolio company's management team to operate the portfolio company on a day-to-day basis. There can be no assurance that the management of such companies will operate them successfully.

**Projections**

Projected operating results of any company in which the Funds invest are based primarily on financial projections prepared by such company's management. In all cases, projections are only estimates of future results that are based upon information received from the company and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections.

**Conflicting Investor Interests; Dilution**

The partners may have conflicting investment, tax, and other interests with respect to their investments in the Funds, including conflicts relating to the structuring of investment acquisitions and dispositions. Decisions made by the Managers regarding an investment may be more beneficial to one partner than another, especially with respect to tax matters. Further, partners admitted to the Funds at subsequent closings will participate in then-existing investments of the Funds, thereby diluting the interest of existing partners in such investments. Although any such new partner will be required to contribute its pro rata share of previously-made capital contributions, there can be no assurance that this contribution will reflect the fair value of the Funds' existing investments at the time of such contributions.

**Director Liability**

The Funds generally obtain the right to appoint one or more representatives to the boards of directors of the companies in which they invest. Serving on the board of directors of a portfolio company exposes the Funds' representatives, and ultimately the Funds, to potential liability. It is possible that not all portfolio companies will obtain insurance with respect to such liability, and the insurance that portfolio companies do obtain may be insufficient to adequately protect officers and directors from such liability.

**Tax Risks**

Funds may make investments that generate unrelated business taxable income ("UBTI") for tax-exempt investors and income effectively connected with a U.S. trade or business ("ECI") for non-U.S. investors. UBTI and ECI could cause such investors to pay taxes on such income.

Funds may generate taxable income in excess of cash distributed to the investors and, possibly, in excess of the income tax liability with respect to such taxable income.

The Internal Revenue Service may audit and make adjustments to the income tax returns filed by the Funds. If so, partners may be required to reflect such adjustments in their tax returns, or the Funds may be required to pay such taxes, along with interest and penalties.

Although the Managers use reasonable efforts to provide the partners by April 15 of the following year with final Schedules K-1 or with estimates of the taxable income or loss allocated to their investments in the Funds for the prior year, final Schedules K-1 are not available until after the Funds have received tax-reporting information from their portfolio companies, which could be later. Partners may thus be required to obtain extensions of the filing dates for their federal, state and local income tax returns. Schedule K-1 amounts are likely to differ from tax estimate amounts.

Income tax treatment with respect to the Funds and their investments is subject to changes by legislative, judicial or administrative action. Any such changes could negatively affect tax laws

or rates with respect to the Funds' results.

### **Uncertain Economic and Political Environment**

Various factors, including global economic and political uncertainty, may exacerbate volatility in the financial markets and can cause consumer, corporate, and financial confidence to weaken, increasing the risk of a “self-reinforcing” economic downturn. The availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, may be limited. A climate of uncertainty may also reduce the availability of potential investment opportunities and increases the difficulty of modeling market conditions, reducing the accuracy of the financial projections. Such volatility, limitations on credit, and economic uncertainty may have an adverse effect on the economy generally and on the ability of the Funds and their portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of their businesses.

### **Pandemics and Disease Outbreaks, Including the Ongoing Impact of the COVID-19 Pandemic**

The COVID-19 pandemic continues to adversely impact global economic activity and has contributed to significant volatility and negative pressure in financial markets, which may have an adverse impact on the Funds and their investments, and the timing for economic recovery is uncertain. The specific impacts that the COVID-19 pandemic, and any future pandemics or disease outbreaks, will have on the Funds and their investments are unknown, and may exacerbate certain other risks identified in this section.

### **Significant Adverse Consequences for Default**

The Funds' Documents provide for significant adverse consequences in the event a partner defaults on its capital commitment or other payment obligations. Such consequences could include losing its right to distributions from a Fund and being required to dispose of its interest in a Fund for less than fair market value.

### **Material Risks Associated with Types of Securities**

#### **Investment in Junior Securities**

The securities in which the Funds invest may be among the most junior in a portfolio company's capital structure and, thus, subject to the greatest risk of loss. Generally, there will be no collateral to protect an investment once made.

#### **Illiquidity; Lack of Current Distributions; Limited Transferability**

An investment in any of the Funds should be viewed as illiquid, because there is generally no readily available market for the Funds' investments. Certain investments may be distributed in kind to the partners. It is uncertain when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of

capital and the realization of gains and other proceeds, if any, generally may occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is not generally expected that this will occur for a number of years after the initial investment. Furthermore, the expenses of operating the Funds (including the annual management fee payable to the Managers) may exceed their income, thereby requiring that the difference be paid from the Funds' capital. There is no public market for Fund interests, and none is expected to develop. There are substantial restrictions with respect to the transferability of Fund interests under the Fund agreements and applicable securities laws.

### **Volatility of Valuation in Small Concerns**

The Funds use the valuation guidelines described in the limited partnership or limited liability company agreements, if applicable, and in their financial reports. The Senior Principals are responsible for valuation of Fund investments. Valuation of private businesses is highly subjective.

### **Leveraged Investments**

A Fund may require a portfolio company to incur debt to finance a portion of the Fund's investment in such portfolio company. The use of leverage generally magnifies both the Funds' opportunities for gain and their risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets, which is difficult to accurately forecast. The leveraged capital structure of certain portfolio companies will increase the exposure of the Funds' investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates, and it could accelerate and magnify declines in the value of the Funds' investments in the leveraged portfolio companies in a down market. In the event any portfolio company cannot generate adequate cash flow to meet debt service, the Funds may suffer a partial or total loss of capital invested in the portfolio company, which would adversely affect the Funds' returns. Furthermore, should the credit markets be tight at the time the Funds determine that it is desirable to sell all or a part of a portfolio company, the Funds may not achieve exit multiples or enterprise valuations consistent with their forecasts.

### **Public Company Holdings**

The Funds' investment portfolios may contain securities issued by publicly traded companies. Such investments may subject the Funds to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of the Funds to dispose of such securities at certain times, increased likelihood of shareholder litigation against such companies' board members, including Seaport's principals, and increased costs associated with each of the aforementioned risks.

### **Non-controlling Investments**

A Fund may hold meaningful minority stakes in privately-held companies. In addition, during the process of exiting investments, a Fund at times may hold minority equity stakes of any size such

as might occur if portfolio holdings are taken public. As is the case with minority holdings in general, such minority stakes that a Fund may hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes.

### **Item 9: Disciplinary Information**

A registered investment adviser is required to disclose all material facts regarding any legal or disciplinary events that would be material to an evaluation of the adviser or the integrity of the adviser's management.

Seaport has no legal or disciplinary events to disclose.

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

Seaport or an affiliate acts as investment adviser to the Funds; the Managers of the Funds are also affiliates.

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

#### Code of Ethics and Personal Trading

Seaport has adopted a Code of Ethics (the "Code") in accordance with Section 206 of the Investment Advisers Act of 1940 and Rule 204A-1 under the Advisers Act. The Code provides for the highest level of ethical conduct applicable to Seaport's partners and employees ("Seaport Personnel") and obligates all Seaport Personnel to put Funds' interests over their own. The purposes of the Code are to (i) educate Seaport Personnel about Seaport's expectations and the laws governing their conduct, (ii) remind Seaport Personnel that they are in a position of trust and must act with complete propriety at all times, (iii) protect Seaport's reputation, (iv) guard against violation of the Federal securities laws, (v) protect Funds by deterring misconduct, and (vi) establish procedures for Seaport Personnel to follow so that Seaport can assess whether they are complying with the Code. The Code requires all Seaport Personnel to obtain pre-approval for investments in non-Seaport private placements and IPOs. Seaport's Chief Compliance Officer ("CCO") monitors compliance with the Code through reviews of required disclosures of personal securities transactions, outside business activities and other affirmations of compliance by Seaport Personnel.

Seaport, in the course of its investment management and other activities (e.g., board or creditor committee service), may come into possession of confidential or material nonpublic information about issuers, including issuers in which Seaport or its related persons have invested or seek to invest. The Code includes policies and procedures concerning "inside information" that prohibit and are designed to prevent the misuse of material, nonpublic information ("insider trading").

Seaport Personnel are required periodically to certify their compliance with the Code's written policies and procedures.

Investors or prospective investors in the Funds may request to view a copy of the Code by contacting Seaport's CCO, Howard Kaufman, at: [hkaufman@seaportcapital.com](mailto:hkaufman@seaportcapital.com).

#### Participation or Interest in Client Transactions

Certain Seaport Personnel, affiliates and business contacts may invest in and alongside the Funds, through the Managers, Co-Invests, SPVs or directly, in the securities owned by the Funds. As noted in Items 5 and 6 above, the Funds or their Managers, as applicable, may eliminate or reduce the management fee and Carried Interest related to investments held by such persons. Also see "Conflicts of Interest," below.

#### Conflicts of Interest

During each Fund's investment period, Seaport pursues all appropriate investment opportunities within the Focus Sectors exclusively through that Fund, subject to certain limited exceptions. Thereafter, Seaport will continue to manage and monitor the Fund and its investments but may also focus a significant portion of its investment activities on, and direct certain new relevant investment opportunities to, its other Funds and entities. Other investments may compete with the Funds or companies acquired by the Funds. The fact that Carried Interest is based on a percentage of net profits may create an incentive for Seaport to cause a Fund to make riskier or more speculative investments than otherwise would be the case, though this incentive may be mitigated somewhat by the fact that losses would reduce the Funds' performance and thus Seaport's Carried Interest. Seaport's Senior Principals may pursue investment opportunities outside of defined areas of the Focus Sectors at any time.

#### Cross Transactions

Generally, Seaport does not effect cross transactions between Funds (a "cross-fund transaction"); however, they are effected in rare instances, primarily for rebalancing when parallel funds, AIVs, Co-Invests or SPVs are formed or raise additional capital commitments, if permitted by the relevant Funds' Documents or with approval of the relevant Funds' advisory boards (where applicable) or partners. In the event that Seaport does effect cross-fund transactions between Funds, Seaport shall seek to ensure that the pricing and other terms of such transactions and any related disclosures are made consistent with applicable laws and agreements (including obtaining any requisite approvals thereunder) and Seaport's policies and procedures. In the types of instances referred to above, pricing generally will be at cost plus an equitable yield determined by Seaport. Neither Seaport nor any of its affiliates receives any compensation for effecting a cross-fund transaction.

### Allocation of Investment Opportunities

Seaport has written policies and procedures to ensure the fair and equitable allocation of investment opportunities among the Funds. In the case of multi-investment Funds, unless consented to by the relevant majority-in-interest of the partners, Seaport generally will not commence the operation of another pooled investment partnership with objectives substantially similar to those of an existing Fund until the earlier of: (i) the end of the Funds' new investment periods, or (ii) such time as at least 75% of the Funds' commitments have been invested, committed or allocated for investment, used for Fund expenses or organizational expenses, and/or reserved for follow-on investments or reasonably anticipated expenses of the Funds. Therefore, the new investment period of one group of multi-investment Funds generally does not overlap the new investment period of another group of Funds.

Seaport's members, officers and other personnel invest directly in Funds or indirectly in portfolio companies through the Managers, Co-Invests and/or SPVs. Such interests vary from Fund to Fund. The Documents may set forth the amount or range of investment in a Fund to be made by the Manager and Co-Invest. Conflicts of interest may arise in determining how much, if any, of certain investment opportunities to allocate to an SPV or Co-Invest. Each investment in a portfolio company by a Co-Invest or an SPV, however, generally will be on economic terms no more favorable than those received by other Funds.

Subject to any restrictions or requirements contained in the Documents, decisions regarding whether, to what extent and to whom to offer co-investment opportunities are made in Seaport's sole discretion. Such opportunities have been entered into and co-investments made pursuant to an arrangement with one or more Fund investors; by a Fund's investors as a whole; by a limited number of a Fund's investors; by third parties that are not investors in a Fund; and/or by Seaport management and other personnel.

In exercising its discretion to allocate co-investment opportunities, Seaport considers some or all of a wide range of factors, which may include, but are not limited to: the size of a potential investment with respect to the size of the relevant Fund; the additional diversification a co-investment might allow for a Fund; the size and financial resources of a potential co-investment party and its perceived ability to participate in a supportive and timely manner; confidentiality considerations; past experiences and relationship with a potential co-investment party; legal, regulatory, reporting, public relations, media or other burdens that might impact the potential co-investment party; any impact of the profile or characteristics of the potential co-investment party on the viability or terms of the proposed investment opportunity; and the possibility that allocating an investment opportunity to a potential co-investment party may provide a future benefit, such as additional investment capital, to a Fund or future Fund.

### Resolution of Conflicts

Where applicable, the Funds' advisory boards, whose members are investors in the respective Funds, provide advice and counsel as requested by the Managers with respect to conflicts of interest involving the Funds, Seaport and Seaport's affiliates.

### **Item 12: Brokerage Practices**

The investments made by the Funds generally do not require the use of a broker-dealer. On certain occasions, however, an investment by a Fund or disposition of securities held by a Fund will require Seaport to select a broker-dealer to execute a transaction.

Seaport has, subject to the Documents and the direction of the Managers, sole discretion over the purchase and sale of publicly traded investments (including the size of such transactions) and the broker or dealer, if any, to be used to effect transactions. To facilitate the sale of public securities that may, from time to time, be held by the Funds, Seaport selects one or more broker-dealers to provide execution services. Seaport believes that its selection of broker-dealers is consistent with its duty to seek "best execution" of Fund transactions. "Best execution" means obtaining for the Funds the lowest total cost (in purchasing a security) or highest total proceeds (in selling a security), taking into account the circumstances of the transaction and the reputation and reliability of the executing broker-dealer.

In determining whether a particular broker or dealer is likely to provide best execution in a particular transaction, Seaport takes into account all factors that it deems relevant to the broker's or dealer's execution capability, including, by way of illustration, price, the size of the transaction, the nature of the market for the security, the amount of the commission, the timing of the transaction taking into account market prices and trends, the reputation, experience and financial stability of the broker or dealer, and the quality of service rendered by the broker or dealer in other transactions.

Seaport does not receive "soft dollar" credits in connection with its use of broker-dealers.

### Aggregation of Trades

Seaport and its affiliates may aggregate (or bunch) the orders of more than one Fund for the purchase or sale of the same publicly-traded security. Portfolio managers and traders often employ this practice because larger transactions can enable them to obtain better overall prices, including lower commission costs or mark-ups or mark-downs. Seaport and its affiliates combine orders on behalf of a Fund with orders for another Fund for which it or its affiliates have trading authority, or in which it or its affiliates have an economic interest. In such cases, Seaport and its affiliates generally aggregate trade orders for publicly traded securities so that each participating Fund will receive the average price for each execution of a transaction.



### **Item 13: Review of Accounts**

#### **Oversight and Monitoring**

The investment portfolios of the Funds are generally private, illiquid and long-term in nature, and accordingly, Seaport's review of the portfolios is not directed toward a short-term decision to hold or dispose of securities. Seaport's investment staff continuously monitors the portfolio companies of the Funds, including formal meetings to review operating and financial results and forecasts, which generally are held monthly.

#### **Reporting**

Seaport issues quarterly and annual reports to partners that include partnership financial statements and summaries outlining portfolio company results and developments. The Funds furnish the partners with audited financial statements annually.

During each Fund's term, an annual meeting of the partners is held if required by the Documents. The purpose of this meeting is to discuss the Fund's affairs; it is purely informational in nature.

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

Please refer to "Fees Paid to Seaport or the Funds by Portfolio Companies" in Item 5.

Through a Fund, Seaport may compensate third parties (placement agents) for assistance in raising capital for the Funds. Fees paid to a placement agent by a Fund reduce the Fund's management fee in accordance with the terms of the Fund's Documents.

Seaport does not receive any economic benefit from any person that is not a client for providing advisory and management services to the Funds.

### **Item 15: Custody**

Seaport and/or its affiliates are deemed to have custody of the assets of the Funds as a result of their authority over the Funds.

It is Seaport's policy to cause the Funds with assets over which Seaport is deemed to have custody to be audited annually (and upon liquidation) by a PCAOB-registered independent accounting firm in accordance with Rule 206(4)-2 under the Investment Advisers Act of 1940 and to distribute those audited financial statements, prepared in accordance with U.S. generally accepted accounting principles, to investors no later than 120 days after the end of each Fund's fiscal year.

### **Item 16: Investment Discretion**

Investment advice is provided directly to the Funds under the direction and control of Seaport and not individually to the investors in the Funds. The advice is in accordance with the provisions of the Documents of the Funds.

### **Item 17: Voting Client Securities**

To the extent matters arise that call for the vote or consent of the investors in a publicly traded portfolio company of a Fund, Seaport exercises the voting rights on behalf of the Fund in question. It is Seaport's policy to vote all proxies in a manner that best serves the interests of the applicable Fund.

Copies of relevant proxy records (if any), identifying how proxies were voted in connection with the Funds and copies of proxy voting policies are available to any investor in a Fund upon request to Howard Kaufman, CCO, at: [hkaufman@seaportcapital.com](mailto:hkaufman@seaportcapital.com).

### **Item 18: Financial Information**

Seaport has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to the Funds, and it has not been the subject of a bankruptcy proceeding.