

Item 1 – Cover Page



Form ADV Part 2A Brochure

Seascope Capital Management, LLC

CRD # 126928

99 Bow Street, Suite 300 East
Portsmouth, NH 03801
603 964-4480 (t) 603 964-4490 (f)
www.Seascope-Capital.com

March 2020

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

Seascope is a investment adviser registered with the SEC. Licensing of an Investment Adviser does not imply any level of skill or training. Thus, we encourage you to review our Brochure and other writings carefully and to meet with us in person. Through both written and verbal communication, we hope to provide you with information to help you determine whether to hire and retain us as Adviser.

Additional information about us also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

In this Item of Seascope Capital Management, LLC's (Seascope or the Firm) Form ADV 2, the Firm is required to discuss any material changes that have been made to Form ADV since the last Annual Amendment, dated March 2019.

Since the last ADV Annual Amendment filing, there are no material changes to report.

You can request the most recent copy of our Brochure without charge at any time by calling Suzanne Johnson at 603 964-4480, emailing info@Seascope-Capital.com, or visiting our website www.Seascope-Capital.com.

Item 3 -Table of Contents

Item 1 – Cover Page	i
Item 2 – Material Changes	ii
Item 3 -Table of Contents	iii
Item 4 – Advisory Business	1
Item 5 – Fees and Expenses Compensation.....	4
Item 6 – Performance-Based Fees and Side-By-Side Management	5
Item 7 – Types of Clients.....	5
Item 8 – Methods of Analysis, Investment Strategies, and Risk of Loss	5
Item 9 – Disciplinary Information	8
Item 10--Other Financial Industry ActivitiAffiliations.....	8
Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	9
Item 12 – Brokerage Practices	10
Item 13 – Review of Accounts.....	13
Item 14 – Client Referrals and Other Compensation	14
Item 15 – Custody	14
Item 16 – Investment Discretion	14
Item 17 – Voting Client Securities	15
Item 18 – Financial Information	15
Brochure Supplement(s) – see Separate documents	

Item 4 – Advisory Business

Who We Are

We are a boutique investment advisory firm serving high net worth individuals and their families with discretionary investment management services. Seascope was founded in April 2003. The Firm is owned by the James W. McCarthy Revocable Trust of 1993 and the Monica Ann McCarthy Trust of 2015. Monica A. McCarthy is the Trustee and Managing Member of the James W. McCarthy Revocable Trust of 1993 and the Grantor and Trustee of the Monica Ann Ness Revocable Trust of 2015. We are an independent firm. We consider this business structure crucial to serving the wealth management needs of our clients.

What We Do

We offer a number of advisory services. Our primary business is built on discretionary portfolio management services. However, we believe that investment management is most effectively delivered within the context of a client's greater wealth picture. So, before we begin constructing a portfolio, we start with an extensive interview process to make sure we consider all relevant aspects of a client's net worth. Then we create investment plans, retirement plans, or financial plans as appropriate. Many of our clients are business owners or executive management so we also try to incorporate the risks and opportunities that their livelihoods entail into these strategies. As a courtesy to our clients who prefer to keep their assets in one place, we may also maintain their cash and nondiscretionary accounts on our books.

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

Our Fiduciary Responsibility to Our Clients

As a registered investment advisor subject to the Investment Advisers Act of 1940, we have always had a fiduciary responsibility to our clients. In plain language, this means we always act in the best interests of our clients. Period.

Personalized Investment and Financial Planning

We start with tools that incorporate historical and forecasted risk and return relationships for numerous asset classes (stocks, bonds, alternative investments, etc.) to craft plans for our clients. These are based on how different assets' returns are correlated over time and how volatile those returns have been and are likely to be. We pair these with an assessment of how our clients feel about uncertainty, their earnings power, their income needs, and their priorities in life. Finding the best asset allocation plan involves formulas, assumptions, and rules that theoretically produce a longer term ideal

mix of assets for a client's personal level of risk as well as a probable rate of return. We consider thousands of scenarios and combinations of holdings to get this right. This is the quantitative part of planning, and it provides a useful starting point.

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

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

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

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

Often, in the process of getting to know our clients, we identify very complex wealth management needs. In these situations, an integrated strategy for them may require professional services outside of our areas of expertise. Graphically, the building blocks of our client-centric wealth management services look like this:



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

Investment Management

Quantitative analysis, when it refers to security selection, means we focus first on objective measurements of financial ratios and estimates to identify attractively priced investments. The specific data we look at is proprietary but can be categorized into fundamental intrinsic value measures, quality measurements, and technical momentum factors. Intrinsic value measures include Operating Cash Flow, Economic Profit, and Economic Margin. Quality measurements include accrual composition and management quality. Technical momentum includes Price and Earnings momentum. We combine elements of all of these to objectively rank a universe of potential investment candidates to find the ones we believe have the most potential for growth. The advantage of this type of analysis is that it greatly increases the number of securities we can effectively consider and strips away biases that may have prevented a security's consideration in the first place. The risk of this process, in the absence of other considerations, is that it doesn't consider macroeconomics or conditions that mere numbers might not reflect.

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

Wrap Fee Programs

We do not participate in any wrap fee programs.

Assets under Management

As of December 31, 2019, we managed a total of \$ \$206,125,961 in assets under management on a discretionary basis

Item 5 – Fees and Expenses Compensation

Financial Planning

We do not charge a separate fee for financial planning services.

Investment Management

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

<u>Assets Managed</u>	<u>Fee</u>
First \$1,000,000	1.25%
Next \$2,000,000	1.10%
Next \$2,000,000	1.00%
Next \$5,000,000	0.80%
Above \$10,000,000	0.75%

Because we offer integrated and often complex strategies to our clients, we request a minimum account value of one million dollars or a minimum fee of seven thousand five hundred dollars. For purposes of meeting this minimum, we may combine the asset value of related accounts. In no instance will the asset management fee exceed three (3) percent annualized. Likewise, we may negotiate fees to accommodate the specific needs of a particular client. Factors we may consider include, but are not limited to, historical relationship, related accounts, anticipated future earning capacity or additional assets, account value, and complexity of the work involved. Fees are payable quarterly in advance.

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

We prorate fees for capital added or withdrawn during the applicable calendar quarter if the amount of the capital exceeds ten (10) percent of the portfolio value, or is greater than \$250,000. Similarly, we prorate fees based on the number of days in a quarter for accounts initiated or terminated during a calendar quarter. For example, if there are 91 days in a quarter, and a client's relationship with Seascapes terminates on the thirtieth day in that quarter, the refund due is 61/91 (or 67%) of the amount paid for that quarter. Upon termination of any account, we will refund any prepaid fees to the client.

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

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

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

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

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

Item 7 – Types of Clients

We provide portfolio management services primarily to high net worth individuals and their families. We also provide these services to pension plans and businesses. The vast majority of our clients own businesses, are high level professionals, or are successfully retired individuals. Non-profit organizations are currently not a part of our client base and have historically been only a very small part.

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

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

Equities

We focus on buying stocks with above average growth opportunities at a reasonable price using our proprietary stock selection methodology. This highly disciplined (or quantitative) bottom-up approach

is driven by evaluating multiple measurements of fundamental soundness, earnings potential and technical attractiveness. (Please see Item 4, Section B for explanations of Quantitative investing and fundamental and technical factors.) Through objective mathematical methodology, these combined measurements result in scores that rank the stocks in our universe by their potential for return. Our process seeks to find companies with solid earnings growth, financial stability, and excellent returns on equity and capital. We then research beyond the numbers to take into consideration pending mergers, acquisitions, or other events that involve more subjective elements. We couple this with further analysis of technical factors before we buy or sell stocks. Even an undervalued stock can get ahead of itself in price so we attempt to improve our portfolio returns by examining the price movements, volume, and strength of a stock before buying or selling it.

We construct a portfolio built around our top ranked stocks. We limit holdings in any one sector or industry to reduce industry specific risk. We typically hold around 30 stocks of US companies and 15 stocks (in the form of American Depositary Receipts) of international companies in a portfolio so we are diversified enough to minimize the risk of owning a specific stock yet not so diversified as to dilute the return potential we seek to earn from owning our best ideas. We monitor stocks daily and update our rankings daily. We are sensitive to capital gains in our management. However, we will sell stocks when we judge their attractiveness due to fundamentals to be less than new opportunities that rank more favorably.

Bonds

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

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

- Credit worthiness and the source of revenue from which the principal and interest will be paid;
- The issuer's industry;
- Where the most attractive inflection points in yield curve (i.e., how much incremental interest the client can earn for each additional year until the bond matures.);
- How attractive a bond's return is versus its peer group and U.S. Treasury bonds;
- Whether we can identify any mispricing opportunities due to specific events or anticipation of changes in credit quality; and
- The environment for interest rates, inflation, and our forecasts for both.

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

International

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

Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear.

- **Interest rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar next year will not buy as much as a dollar today, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.

- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

Item 9 – Disciplinary Information

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

Happily, we have nothing to disclose.

Item 10 – Other Financial Industry Activities and Affiliations

We have found a need over the years to help divorcing clients analyze their assets and budget for their future separate lives. Monica McCarthy bolstered her skills in this area of knowledge by obtaining her Certified Divorce Financial Analyst (CDFA™) in 2012. Later that same year, Seascope established Northeast Divorce Settlement Consultants, LLC, (NDSC) a wholly-owned subsidiary of Seascope. Through NDSC, Monica evaluates the tax implications of dividing property and the financial impact of various settlement options for dividing marital property (including pensions) and child and spousal support payments.

C. Wesley (Wes) Gardner, Jr, provides tax consulting services to Seascope so we may better serve our clients. Wes is also the owner of his own tax preparation practice. Tax preparation services provided by Wes are separate and distinct from the advisory services of Seascope. No Seascope client is obligated to utilize Wes' tax preparation services.

For some clients, having an insured investment as part of their investment plan helps to create a lower overall risk level more appropriate to their individual circumstances. In addition to his investment management credentials, Chrissy Mason, CFP, ® holds a license as an insurance agent and is appointed with several insurance companies. While insurance to date has only been included in a small percentage of our clients' portfolios, and Chrissy spends a minimal percentage of her time on insurance products, it is available to our clients through Chrissy. Our clients who invest in these policies incur commissions which ultimately benefit Seascope. This compensation is separate and distinct from investment advisory fees charged by Seascope. While this is a potential conflict, clients are not obligated to use any company for insurance product purchases, and may, of course, work with any insurance agent they choose. As fiduciaries, we act solely and transparently in the best interest of our clients.

We have learned over the years that in order to excel at the services we do provide to our clients, we have to focus. Consequently, there are a number of investment businesses in which we do not participate. We are neither registered nor do we have an application pending as a futures commission

merchant, commodity pool operator or commodity trading advisor. Similarly, we are not registered as a broker-dealer. Finally, with one exception, we don't recommend or select other investment advisors for our clients. The exception to this rule is an advisor whose trading strategy seeks to capture short term capital losses that can be used to mitigate future capital gains. This strategy can be valuable and appropriate for clients anticipating future transactions in which they will incur large capital gains.

Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

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

- We will always act solely in our clients' best interests.
- We will keep your personal private information confidential unless either you authorize us to do otherwise or its disclosure is required by law.
- We will obey the letter and spirit of the law prohibiting trading based on insider information.
- We believe in our investment process so we invest alongside our clients. However, we will never buy or sell securities for our personal accounts before buying or selling those same securities for our clients.
- We will hold our personal securities accounts at a custodian that can be monitored daily by our Chief Compliance Officer.

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

We designed our Code of Ethics to assure that our personal securities transactions don't interfere with (i) making decisions in the best interest of our clients or (ii) implementing such decisions while still allowing us to invest for our personal accounts. We exempt some types of securities, like open-ended mutual funds and certain types of bonds, from these rules since our personal trades in these securities would not impact and or interfere with the best interest of our clients. Seascope employees may not trade for their personal accounts ahead of clients. Employees who want to trade a security we are buying or selling for clients, but who do not wish to be part of a blocked trade, must first obtain approval from the chief compliance officer or (in her absence) the Trader to ensure all client orders for the same security have been executed.

We also require everyone at Seascapes to have their securities accounts held at a custodian with which we have an institutional relationship so we can monitor trading activity. The only exception to this is cases where transferring the account would cause an undue burden to the employee (such as former employer-sponsored retirement accounts where the assets cannot be transferred or trading accounts where financing cannot be duplicated.)

As stated above in the summary of our Code, we invest alongside our clients so we own many of the same stocks as our clients. To the extent we buy or sell a stock for our own accounts along with our clients, we aggregate the trade for that stock across the account base so all accounts are treated fairly. We use either a random or pro rata process to ensure that allocations of partially executed orders are also fair.

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

Item 12 – Brokerage Practices

The Custodians and Brokers We Use

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

We do not receive client referrals from broker/dealers.

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

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

- Combination of transaction execution and asset custody services (generally without a separate fee for custody);
- Capability to execute, clear, and settle trades;

- Capability to facilitate transfers and payments to and from accounts such as wire transfers, check requests, and bill payments;
- Quality of services, accountability in service delivery, and overall operational excellence;
- Availability of investment research and tools that assist us in making investment decisions;
- Reputation, financial strength, and stability; and
- Commitment to technology improvements and understanding the needs of our industry as they pertain to better serving our clients.

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

- Competitive rates;
- Quality of execution;
- Technology and communications tools for time sensitive effective trade execution; and
- Trading tools including algorithms, access to depth of market, and safety controls to prevent trade error and improve execution.

Brokerage and Custody Costs

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

Brokerage commissions charged by the custodian and fees to process and settle trades executed at a broker other than the custodian are based on a number of factors including the amount of assets we hold with a particular custodian, whether or not the client agrees to receive statements and confirmations in electronic form, and the general level of commission rates. We negotiate these fees consistent with our duty to achieve “best execution” of clients’ trades. Best execution means the most favorable terms for a transaction based on all relevant factors.

Products and Services Available to Us from Our Custodians and Brokers

Our custodians all have business subsidiaries that focus on independent investment advisory firms like us. They provide us and our clients with access to their custody, brokerage, reporting and related services—many of which are not typically available to their retail clients. They also make available

various other support services. Some of these services help us manage or administer our clients' accounts; others help us manage and grow our business. All are generally available at no charge.

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

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

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

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

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

We also consider other types of tools and research in our evaluation of best execution. To the extent that we allocate brokerage commissions earned by our broker (known as “soft dollars”) to offset the cost of research (as defined and allowable under Section 28(e) of the Securities and Exchange Act of 1934), we benefit by not having to pay separately for these items. Research of this type can include data for stock analysis, bond research, and tools for portfolio analysis and execution. We believe, by and large, our clients benefit from soft dollar research roughly in proportion to the soft dollars their accounts are responsible for. However, certain brokerage or research services received may benefit some or all clients though they may not benefit directly the account generating the soft dollar credits at the time. We also pay directly for tools and research from which all our clients benefit. For those tools and research that may be paid only in part with soft dollars, we determine the allowable portion by the proportion of hours we use the tools and research to assist in the investment decision making process.

Item 13 – Review of Accounts

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

We encourage our clients to meet with us to update their investment plans every couple of years, but the frequency really depends on the fluidity of their situation and changes in the market. Naturally, significant life events such as the death of a spouse or parent, divorce, a career change, or severe illness will prompt us to sit down with a client for an integrated review. Monica A. McCarthy, CFA®, CDFATM, CPWA® and Chief Investment Officer Andrew M. Litzerman, CFA®, CMT® conduct these reviews. We often start by discussing the particular circumstances of their lives that might impact that plan and how to accommodate any changes. Sometimes this necessitates coordinating with our client’s accountant or attorney. We incorporate this communication into our review process so all areas of the client’s wealth picture are in sync. Then we discuss the client’s asset allocation, how it may have changed since our last meeting, and how it looks in relation to their long term plan. From there we adjust our strategy as necessary.

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

Item 14 – Client Referrals and Other Compensation

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

Item 15 – Custody

We do not have physical custody of client assets. We do receive fees via direct debiting which is considered a form of constructive custody. The custodian is advised in writing of the limitations on our access to client accounts. The custodian sends a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of advisory fees paid directly to Seascap.

We also use certain client's personal passwords to obtain account information from Third Party Administrators (e.g., 401(k), 403(b), 457(b) providers) and other accounts held away from Seascap. The use of these passwords is considered a form of constructive custody. Seascap complies with the SEC's Custody Rule with regard to this form of constructive custody; annually, Seascap is subject to a Surprise Examination by an independent accountant.

In February of 2017, the SEC issued a no action letter which concluded that an investment advisor has custody of client assets if it allows its customers to issue standing letters of authorization ("SLOA") to periodically send money to third parties. We do have situations where our clients have given us standing authorization to periodically send money to third parties.

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

Item 16 – Investment Discretion

We provide investment management services using discretionary authority which our clients grant us at the outset of our engagement. Clients grant this authority when we execute our investment management agreement. Clients also give us a limited power of attorney via the custodial account application so the custodian can act on our trading and disbursement instructions. In all cases, we exercise this discretion consistent with our clients' stated investment objectives, limitations, and restrictions. We can, of course, accommodate specific instructions, for example, on low cost basis positions that clients may hold. We do currently carry a very small percentage of non-discretionary

assets, but these are held as a courtesy to long standing clients. Should we need to execute trades for these clients, we consult with them prior to taking action.

Item 17 – Voting Client Securities

We find that most clients prefer not to vote proxies so we will vote them if they authorize us to do so in their investment management agreements. As part of our account opening process, we provide a copy of our proxy voting policy to new clients so they can determine how they would like their proxies handled. Should a client prefer to vote any or all of their proxies according to guidelines that differ from ours, we advise them to have all proxies mailed directly to them.

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

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

Our clients may request a copy of our proxy voting policies or our past votes on their behalf by contacting Suzanne Johnson at info@seascape-capital.com or calling 603 964-4480.

Item 18 – Financial Information

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

We do not require prepayment of fees of both more than \$1,200 per client, and more than six months in advance; therefore, we are not required to provide a balance sheet to clients.