

# Shamrock Capital Advisors, LLC

1100 Glendon Ave, Suite 1600  
Los Angeles, CA 90024

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This brochure provides information about the qualifications and business practices of Shamrock Capital Advisors, LLC. If you have any questions about the content of this brochure, please contact Peter Rivera, Shamrock's Chief Compliance Officer ("**CCO**") at 310-974-6600 or [privera@shamrockcap.com](mailto:privera@shamrockcap.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.

Registration as an investment adviser does not imply that Shamrock Capital Advisors, LLC or any of the principals or employees possesses a particular level of skill or training in the investment advisory business or any other business.

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

## Item 2: Material Changes

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There have been no material changes to the business of Shamrock Capital Advisors, LLC (“**Shamrock**”) since the last annual amendment filing on March 28, 2020:

**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.....	4
Item 5: Fees and Compensation.....	6
Item 6: Performance-Based Fees and Side-By-Side Management.....	8
Item 7: Types of Clients .....	9
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss.....	9
Item 9: Disciplinary Information.....	19
Item 10: Other Financial Industry Activities and Affiliations.....	19
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	20
Item 12: Brokerage Practices.....	21
Item 13: Review of Accounts .....	22
Item 14: Client Referrals and Other Compensation.....	22
Item 15: Custody.....	22
Item 16: Investment Discretion.....	22
Item 17: Voting Client Securities .....	23
Item 18: Financial Information.....	23

**Item 4: Advisory Business**

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Shamrock Capital Advisors, LLC (“**Shamrock**,” “**we**,” “**our**,” or the “**Firm**”), is a Delaware limited liability company founded in 2010. Shamrock is controlled by Mr. Stephen Royer, Mr. Andrew Howard, Mr. Michael LaSalle and Mr. Patrick Russo (collectively, the “**Principals**”). Mr. Royer, Mr. Howard and Mr. LaSalle each have an ownership interest in excess of 25%. Shamrock provides discretionary investment advisory services and management services to privately pooled investment vehicles and co-investment vehicles (individually a “**Fund**” or collectively the “**Funds**”), including:

- Shamrock Capital Growth Fund II, LP
- Shamrock Capital Growth Fund III, LP
- Shamrock Capital Growth Fund IV, LP
- Shamrock Capital Growth Fund IV (Parallel), LP

(collectively the “**Growth Funds**”). In managing the Growth Funds, Shamrock focuses exclusively on lower middle market media, entertainment and communications (“**MEC**”) investment opportunities. Shamrock also provides discretionary investment advisory services and management services to Shamrock Capital Content Fund I, LP (formerly known as the Entertainment IP Fund, LP) and Shamrock Capital Content Fund II, LP (“**Content Funds**”), each a privately pooled investment vehicle that focuses on investment in entertainment intellectual property rights (“**Entertainment IP**”).

Shamrock has created co-investment vehicles to invest alongside a Growth Fund and/or a Content Fund primarily when the equity requirements of an investment exceed those allowed by the Fund’s mandate. Co-investment opportunities may be offered to investors in a Fund or to outside third parties, as detailed in each Fund’s Governing Documents (defined below). Shamrock currently provides discretionary investment advisory services and management services, and has custody of the assets of the following co-investment vehicles (the “**Co-Investment Vehicles**”):

- BC Holdco, LLC
- Shamrock CCF II Co-Invest I, LP
- Shamrock CCF II Co-Invest I-A, LP
- Shamrock FanDuel CoInvest, LLC
- Shamrock FanDuel CoInvest II, LP
- Shamrock Mobilitie Co-Invest, LLC
- Shamrock Talent & Brands Holdco, LLC

Certain affiliates of Shamrock serve as general partners or managing members of the Funds (“**Advisory Affiliates**”) and operate a single advisory business with Shamrock. Each of the Advisory Affiliates is a related person of Shamrock and is under common control with Shamrock including their respective partners, managers, members, shareholders, officers, employees and affiliates in their respective capacities as such. Each Advisory Affiliate that serves as a general partner or managing member is subject to the requirements applicable to registered investment advisers under the Investment Advisers Act of 1940 (“**Advisers Act**”), as a result of Shamrock’s registration as an investment adviser with the Securities and Exchange Commission (“**SEC**”) and in accordance with SEC guidance, and is subject to all of Shamrock’s compliance policies and procedures. As such, references to Shamrock in this Brochure should also be considered references to the Advisory Affiliates in the appropriate context.

Each Fund relies on its general partner, a Shamrock affiliate, to assist in the day-to-day management of its activities in accordance with the investment objectives, strategies, restrictions and guidelines found in each Fund’s governing documents (“**Governing Documents**”). Information about each Fund can be found in its offering documents. The Firm does not tailor its investment services to any individual Fund investor (“**Investor**”).

The Investors in each Fund are able to negotiate the terms of the applicable Fund agreement in connection with their investments in such Fund. In certain cases, Shamrock or its Advisory Affiliate may, and have, entered into side letter agreements with certain investors in the Funds (“**Side Letters**”) establishing rights under, or supplementing or altering the terms of, the applicable Governing Documents with respect to the Investor party to the Side Letter. Side Letters cover many different topics, including without limitation: “most favored nation” rights; modified notice or reporting requirements; compliance with certain ERISA and other regulatory requirements; minimum insurance coverage; confidentiality; co-investment opportunities; transfers; the right to receive certain special allocations; and certain other matters relating to an investment in the Fund(s). Shamrock tracks all Side Letters that have been entered into with respect to each Fund to ensure that no investors are disadvantaged by the triggering of one or more provisions of a Side Letter.

Please note, notwithstanding the limitation on liability clauses in the Governing Documents or the Firm’s advisory agreements with the Funds, nothing in such agreements will cause the Funds or the Investors to waive any of their legal rights under applicable U.S. federal securities laws or any other laws whose applicability is not permitted to be contractually waived.

As of December 31, 2020, the Firm managed \$2,643,527,165 in regulatory assets under management in the Funds, all of which are managed on a discretionary basis.

## Item 5: Fees and Compensation

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### Management Fee

During their respective commitment periods, the Funds pay to Shamrock an annual investment management fee (“**Management Fee**”) typically equal to 2% of the total capital commitments (regardless of whether such capital has been invested) of the Investors in the applicable Fund. This fee is payable in advance, either on a quarterly or semi-annual basis and may be offset by a portion of advisory fees received by the Firm from the equity related investments of the Fund (the “**Portfolio Companies**”).

Thereafter, at the earlier of the conclusion of the commitment period of the Fund, the date on which 90% of the commitments have been drawn down, or the date upon which Shamrock begins to collect Management Fees with respect to a subsequent fund, the Management Fee will typically equal 2% per annum of the aggregate amount of commitments invested in the Portfolio Companies. In our sole discretion, we may waive or defer all or any portion of the Management Fee or performance fee (see Item 6) with respect to an Investor in the Funds.

### Organizational Expenses

Subject to an organizational expense limit that may be set forth in the applicable Governing Documents, the Funds generally bear all costs and expenses relating to the organization of the Funds, their general partners (or similar managing authority) (each, a “GP”), and the offer and sale of interests therein.

### Operational Expenses

Each Fund will also bear the normal recurring day-to-day expenses of the Fund and its operations, including but not limited to legal, auditing, custodial, bookkeeping and accounting fees and expenses, indemnification and insurance expenses, expenses of meetings of the Firm’s Advisory Committee and annual Investors meetings, expenses associated with the preparation of financial statements and tax returns, expenses incurred in connection with potential transactions not consummated, the costs and expenses associated with any litigation, all expenses incurred in liquidating the Fund; any taxes, fees or other governmental charges and all expenses incurred in connection with any tax return, audit, investigation, settlement or review; other expenses associated with the acquisition, holding and disposition of investments; and all other liabilities of the Fund of whatsoever kind and nature subject to applicable laws and regulations.

Under certain circumstances specified in the Governing Documents, each Fund is generally obligated to indemnify Shamrock and its affiliates and other identified persons and entities as described in the relevant Governing Documents (together, the “Indemnified Persons”), in each instance, for costs arising out of or in connection with the Fund’s business and affairs, except for any such costs that have resulted from certain bad acts of the Indemnified Person seeking indemnification as detailed in the applicable Fund’s Governing Documents.

In terms of co-investment opportunities, until a co-investor has irrevocably committed in writing to participate in an investment opportunity alongside a Fund, such co-investor may not be obligated to bear any portion of the due diligence or broken-deal expenses associated with a potential transaction. As a result, in some cases, despite the fact that a co-investor may be offered an opportunity to participate in a potential investment alongside a Fund, the Client Fund ultimately bear all of the associated due diligence expenses and costs associated with such investment.

### Transaction Costs

The Funds may further bear out-of-pocket investment costs (such as investment banking, brokerage and underwriting fees or commissions) and expenses relating to the investigation, monitoring, and disposing of investments. Additionally, while we do not generally make investments in securities listed on national exchanges, if we were to do so, the Funds would incur any brokerage costs.

### Shamrock Costs

Shamrock or its affiliate will pay (either directly or by offset to its management fees) all organizational expenses in excess of the limit set forth in the applicable Governing Documents and placement compensation, to the extent not borne by the Funds, as well as the ordinary operating expenses incidental to the administration of Shamrock and any GP, including rent, utilities, equipment and salaries of its personnel (but excluding travel, legal, accounting and similar expenses incurred in the discovery, investigation, development, negotiation, documentation, purchase, holding and disposition of possible investments).

### Sales Compensation

Shamrock and its supervised persons do not receive (directly or indirectly) any compensation from the purchase or sale of securities or investments for the Funds. Shamrock and its supervised persons do not receive (directly or indirectly) sales commissions in connection with sales of interests in the Funds.

### Calculation and Allocation of Certain Costs and Expenses

Investors in a Fund will bear their pro rata share of certain fees and expenses for the time period they are invested in the Fund. To address the potential conflicts of interest associated with the allocation of such expenses, Shamrock has adopted an expense allocation process and methodology designed to ensure equitable allocation of expenses among Funds, as applicable. In accordance with the established methodology, the allocation of expenses will be determined by Shamrock based on the following factors:

- the extent of each Fund's utilization of the services associated with such expense;
- the relative benefit to each Fund that is derived from such expense (or that is expected to be derived from such expense);
- with respect to transactions and broken deals, the size or expected size of each Fund's participation in the transaction; and

- the relationship of such expense to the legal, contractual or other obligations of each Fund.

In applying these factors, Shamrock will generally allocate expenses according to the following standards, subject to the relevant Governing Document:

- Expenses that are obligations of Shamrock and not obligations of any Fund are allocated solely to Shamrock, which will include payroll and employee benefits, office expenses, and other expenses incurred in connection with the operations of Shamrock.
- Organizational, operational, and transaction-related expenses incurred solely by, or on behalf of, a single Fund are allocated, in whole, to that Fund.
- Expenses that are attributable to more than one Fund are allocated between and among such Funds in a manner that is fair and equitable based on the factors described above. Barring unusual circumstances, broken-deal expenses will be allocated according to the predetermined allocation of the deal among Funds (if one was made). Where co-investors have been permitted to participate in investments, expenses associated with such investments will be allocated to such co-investors and among Funds pursuant to the factors set forth above.

Expenses attributable to Shamrock and one or more Clients will generally be allocated in the same manner as expenses allocated among Funds, except that the scope of benefit to Shamrock shall also be considered when making the allocation. In addition, when Shamrock engages consultants and vendors for deal sourcing purposes, Shamrock will typically pay any retainer fee, subject to reimbursement from the Fund, and the applicable Fund(s) who participate in the investment will pay the deal sourcing fee.

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

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The Funds generally allocate a portion of their investment profits to the GPs as a carried interest of 20%, subject to the terms and conditions set forth in the Funds' Governing Documents, which may include a waterfall distribution and clawback provisions. Compensation based on performance will only be charged in accordance with the provisions of Rule 205-3 under the Advisers Act.



Performance-based compensation may create an incentive for Shamrock to make investments that are riskier than it would otherwise make, or to favor one Fund over another. We have adopted a policy to allocate portfolio transactions and investment opportunities only to the particular Fund that has not reached a threshold of at least 75% of capital commitments having been invested or reserved for expenses. Only after this threshold is reached will a follow on fund be raised. Additionally, the objectives, scope and strategy of the Growth Funds and the Content Funds differ to avoid any issues regarding the allocation of portfolio transactions and investment opportunities between these categories of Funds.

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

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Investors in the Funds may include a variety of institutional investors and high net worth individuals. Each Investor will be a “qualified purchaser” as defined under the Investment Company Act of 1940; as a result, each Fund seeks to avail itself of the exemption from registration as an investment company set forth in Section 3(c)(7) of the Investment Company Act. We require Fund Investors to make representations concerning their financial sophistication and ability to bear the risk of loss of their entire investment.

The minimum initial investment in a Fund is \$10,000,000 or such lesser amount as determined in the sole discretion of each Fund’s GP.

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

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#### **Methods of Analysis and Investment Strategies**

Shamrock is a private investment advisory firm focused exclusively on investing capital in the MEC sectors as well as in entertainment intellectual property assets. The Firm’s principals lead a team (the “**Team**”) that has an average of 25 years working experience focused on MEC investing, as well as a vast network of relationships. The Team maintains a disciplined approach to its investment strategy from a sector, stage and value perspective.

#### **Growth Funds**

Growth Funds typically target profitable, growing companies with proven, sustainable competitive advantages that do not present venture capital-type risk. In addition, lower middle market companies present the best opportunities for value creation by Shamrock through its active management style, as many lower middle market businesses have less refined strategies and business plans. The Team often adds significant value to these companies by collaborating with management, improving operations, setting business objectives, and providing access to the Shamrock network and resources. The investments targeted by the Growth Funds will typically range in size from \$20 million to \$100 million with enterprise values of up to \$300 million. Transaction structures will

primarily include (i) growth capital, (ii) management and leveraged buyouts, and (iii) leveraged recapitalizations.

We believe the following strategies are key to Growth Funds Team's creation of deal flow:

#### Proactive Approach

The Team diligences specific sectors which merit investment consideration. Given its contacts and resources, the Team is able to understand the competitive landscape and dynamic trends within these attractive sectors, and in many cases, the Team can uncover proprietary investment opportunities. The Team believes its approach will enable it to garner a relationship with a Portfolio Company's management team outside of any structured process. Bi-weekly funnel meetings are held to discuss these opportunities.

#### Strategic Value

The Team strives to position itself with target companies as a strategic partner. Many companies will trade valuation for the ability to attract an investment partner who can add strategic value. The Team's sector focus and depth of experience give it a distinct advantage in transactions where the target company is concerned about the strategic value a financial investor brings to the partnership.

#### Flexibility

The Team's investment criteria allow for flexibility in structuring transactions in order to accommodate the needs of potential Portfolio Companies. While many of its investments are majority or buyout transactions, the Team will also consider minority investments. In such cases, the Team would seek to position a Fund as the largest or most influential investor with extensive negative control provisions. In many instances, particularly in a transaction other than an outright sale of the target company, the Team believes that its structuring flexibility will help facilitate the needs of a Portfolio Company's current shareholders and management.

#### Active Investment Approach

We believe that the greatest potential for value creation exists in the active management and oversight of our Portfolio Companies. The Team creates value throughout the investment life cycle of each of its Portfolio Companies by assisting with strategic planning, business relationships, corporate finance, management recruiting, performance tracking and mergers and acquisitions and exit. In addition, the Team's depth of experience enables it to lend deep operational support to Portfolio Companies. This support takes many forms including (i) filling temporary management roles, (ii) structuring and negotiating key contracts with customers and suppliers, (iii) setting sales force compensation to align with market opportunity and (iv) evaluating and organizing new business initiatives.

**Content Funds**

The Content Funds target entertainment intellectual property assets such as filmed entertainment, television and music that are expected to generate long-term and predictable cash flows. Their investment opportunities are expected to be driven by relationships with stakeholders in the entertainment industry who are seeking liquidity for their economic interests, including lenders, studios, producers, writers, actors and their agents. The focus of the Content Funds are to invest in assets after they have been distributed through their first window of release. Such revenue streams are typically predictable based on the performance of the content in its initial release window and subsequent release windows are often contracted under output arrangements with distributors based on an asset's performance during its initial release.

The considerable experience, deep relationships, strong reputation and brand recognition of Shamrock in the media and entertainment industry give the Content Funds significant competitive advantages in (i) investing in the domestic and international Entertainment IP sector, (ii) sourcing investment opportunities, (iii) identifying and capitalizing on global market trends, and (iv) managing the portfolio of investments with an active investment approach. The Content Funds intend to leverage its experience and relationships to actively manage these passive interests to ensure that the distributors and administrators of the content are appropriately managing the content to optimize returns.

**Risk of Loss Factors**

Investing in the Funds involves various risks, including loss of capital. Investors should be prepared to bear these risks. The following list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Funds. Prospective investors are urged to consult their professional advisers and review the Governing Documents for the particular Fund before deciding to invest in one of the Funds.

**Business Risks**

The Fund's investment portfolio consists primarily of securities issued by privately held companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.

**Risk of Industry Concentration**

Investments will primarily be made in North America in the MEC industries, as stated above. Depending on the opportunities that are available, investment portfolios may be relatively non-diversified by industry type. As a result, the Funds will be exposed to risks that are unique to companies in the MEC industries, which may negatively impact the value of the Fund's investments. The MEC industries targeted by the Funds are particularly susceptible to the vagaries of Federal and State regulation, rapidly changing market conditions and participants, as well as competing products and technologies which could affect the performance of the Portfolio Companies in which the Funds invests. It is also

possible that changes in general economic conditions may impact some industries to a greater extent than others, which could have a negative effect on the performance of the Fund's MEC investments. Even when not affected by industry-wide factors, the financial performance of individual companies in the MEC industries could fluctuate significantly from period to period, which may cause significant fluctuations in the valuation of these companies. The Fund's Portfolio Companies may have histories of losses and may expect losses for the foreseeable future.

In addition, certain Funds may invest up to 20% of the total commitments in a single Portfolio Company. As a result, unfavorable performance by a small number of investments could substantially and adversely affect the aggregate returns realized by the Investors. Furthermore, to the extent that the capital raised by the Fund is less than the targeted amount, the Funds may invest in fewer Portfolio Companies and thus be less diversified.

#### Control Investments and Directorships

The Fund may acquire control positions in the companies in which it invests. Additionally, officers and employees of Shamrock or its Advisory Affiliate may serve as directors of Portfolio Companies in which the Funds invests. The exercise of control over a company through a control position, or the service of an officer or employee of Shamrock or an Advisory Affiliate as a director of such company, could (i) expose the assets of the Funds to claims by such company, its security holders and creditors or (ii) impose additional risks of liability for failure to supervise management, violation of governmental regulations and other types of liability in which general limited liability protections are ignored. If these liabilities were to occur, the Fund directly, and the Fund's partners indirectly, could suffer losses with respect to their investments. Having representation on a Portfolio Company's board may also have the effect of impairing the ability of the Funds to sell the related securities when, and upon the terms, it might otherwise desire, including as a result of applicable securities laws.

#### Illiquidity of Investments

The Fund's investments in Portfolio Companies will be highly illiquid and there can be no assurance that the Funds will be able to realize such investments in a timely manner. Consequently, dispositions of such Fund investments may require a lengthy time period or may result in distributions in-kind to the Partners. While a Fund investment in a Portfolio Company may be sold at any time, it is not generally expected that this will occur for a number of years after the investment in a Portfolio Company is made. The Funds will generally acquire securities that cannot be sold except pursuant to a registration statement filed under the Securities Act, or in a private placement or other transaction exempt from registration under the Securities Act. The market prices, if any, of such investments tend to be volatile, and the Fund may not be able to sell such investments when it desires, or, upon sale, to realize what it perceives to be their fair value. In some cases, the Funds may be prohibited by contract from selling certain securities for a period of time. Even where the Funds hold freely tradable publicly traded securities, the Fund's position may represent a significant portion of the outstanding public float of a particular Portfolio Company, creating a degree of illiquidity in the event that the Fund changed its

investment decision or was unable to acquire control and wished to dispose of or reduce its position in such Portfolio Company by selling shares into the market.

#### Lack of Sufficient Investment Opportunities

The business of identifying, structuring and completing private equity transactions is highly competitive and involves a high degree of uncertainty. It is possible that the Funds will never be fully invested if enough sufficiently attractive investments are not identified. However, Investors will be required to bear the Advisory Fees during the investment period based on the entire amount of the Investor commitments and other expenses as set forth in the Governing Documents.

#### Leverage

The Funds may make investments in companies with leveraged capital structures. To the extent that any investment is made in a company with a leveraged capital structure, such investment will be subject to increased exposure to adverse economic factors such as a significant rise in interest rates, a severe downturn in the economy or deterioration in the condition of such company or its industry. If a Portfolio Company cannot generate adequate cash flow to meet debt service, the Fund may suffer a partial or total loss of capital invested in the Portfolio Company. While the use of leverage will create opportunities to increase the Fund's returns, it also may increase the Fund's losses. A decrease in the availability of financing (or an increase in the interest cost) for leveraged transactions (e.g., due to adverse changes in economic or financial market conditions such as those described above or a decreased appetite for risk by lenders) may materially impair the Fund's ability to consummate portfolio investments, to make leveraged distributions or to sell investments to buyers who utilize similar leverage strategies. Also, the securities of a Portfolio Company in which the Fund will invest may be among the most junior in the Portfolio Company's capital structure and thus subject to the greatest risk of loss.

#### Valuation of Investments

The Funds will rely on the GPs for valuation of its assets and liabilities. The Funds will primarily hold securities and other assets that will not have readily accessible market values. The valuation of illiquid securities and other assets is inherently subjective and subject to increase risk that the information utilized to value such assets or create pricing models may be inaccurate or subject to error. Due to a wide variety of market factors and the nature of certain securities and assets to be held by the Fund, there can be no guarantee that the value determined by the GP will represent the value that will be realized by the Funds upon the disposition of the investment. The amount and timing of Carried Interest received by the GP may depend in part on the valuation of the Fund's assets and liabilities.

No assurance can be given that the GP will accurately assess the nature and magnitude of the many factors having a bearing on the value of the Funds' assets. Further, no assurance can be given that all the pertinent information will be considered by or be available to those persons in formulating any particular investment or trading decision. The failure to

consider any of those factors or to accurately assess the nature and magnitude of the relevant factors or pertinent information may cause the Funds to miss significant profit opportunities or to incur substantial losses. The GPs are not required to have such valuations independently determined or verified.

#### Third Party Litigation

The Firm's investment activities, particularly its exercise of control over Portfolio Companies, will subject it to the risk of becoming involved in litigation brought by Portfolio Companies, their stockholders, their creditors and others. Generally, the Funds would bear the expense of defending against claims by such parties and paying amounts necessary to satisfy any settlements or judgments.

#### IP Infringement Claims Against the Funds

One of the risks of investing in MEC companies is the possibility of claims that the Fund's Portfolio Companies misappropriate or infringe the intellectual property rights of third parties with respect to their technology, software, copyrights, trademarks, other entertainment or intellectual property. The Funds may receive in the future claims of infringement of other parties' proprietary rights. There can be no assurance that infringement or misappropriation claims (or claims for indemnification resulting from such claims) will not be asserted or prosecuted against the Funds, or that any assertions or prosecutions will not materially adversely affect the Fund's business, financial condition or results of operations. Regardless of the validity or the successful assertion of such claims, the Funds could incur significant costs and diversion of resources with respect to the defense thereof, which could have a material adverse effect on the Fund's business, financial condition or results of operations. If any claims or actions are asserted against the Funds, the Funds may seek to obtain a license of a third-party's intellectual property rights. Neither the Funds, Shamrock or its Advisory Affiliate can provide any assurances, however, that under such circumstances, a license would be available on reasonable terms or at all.

#### Portfolio Company Risks

The success of the Fund's investments in general will be subject to a variety of risks, including, without limitation, those related to (i) the quality of the management of the private companies and the ability of such management to successfully operate their companies; (ii) the ability to liquidate the Fund's interests in these investments; and (iii) general economic conditions. The task of identifying investment opportunities in private companies, monitoring and directing such investments and realizing a significant return for the Fund is difficult. Many organizations operated by persons of competence and integrity have been unable to make, manage and realize on such investments successfully. There is no assurance that the GP will be able to return contributed capital or generate returns for the Funds. Portfolio companies may have operating losses, or significant variations in operating results, and they may be engaged in a rapidly changing business subject to a substantial risk of competition and/or other significant challenges to their sustained operations and profitability. There can be no assurance that any Portfolio Company investment made by the Funds will be successful. In addition, a Portfolio Company may

require substantial additional capital to support its operations, to finance expansion and/or to maintain its competitive position or may otherwise have a weak financial condition. Certain Portfolio Companies may face intense competition from larger and/or more experienced companies with greater financial and technical resources, more marketing and service capabilities and/or a greater number of qualified personnel.

#### Competition for Investments

In seeking investment opportunities, the Funds face competition from other investors who may have significantly greater financial and other resources than those available to the Funds. There can be no assurance that the Funds will be able to compete effectively against competitors in obtaining future opportunities. Additional funds with similar investment objectives may be formed in the future by other unrelated parties. Some of these competitors may have more relevant experience, greater financial resources and more personnel than Shamrock and its Advisory Affiliates. It is possible that competition for appropriate investment opportunities may increase, thus reducing the number of opportunities available to the Funds and adversely affecting the terms upon which Fund investments can be made. There can be no assurance that the Funds will be able to identify or consummate investments in Portfolio Companies satisfying its investment criteria or that such investments will satisfy the Fund's rate of return objectives. Likewise, there can be no assurance that the Funds will be able to realize upon the values of its investments or that it will be able to invest its committed capital. To the extent that the Fund encounters competition for investments, returns to limited partners may decrease.

#### Small Capitalization Stocks

The Funds may invest in securities of companies with smaller capitalizations. Investments in small capitalization stocks involve greater risk than is customarily associated with larger, more established companies. These securities may have limited marketability and may be subject to more abrupt or erratic movements in price than securities of larger companies or the market averages in general.

#### Unspecified Investments

Investors in the Funds will not have the opportunity to evaluate the business, financial and other information that will be used by Shamrock and/or its Advisory Affiliate in their analysis, selection, and monitoring of Portfolio Company investments for the Fund. Investors must rely upon the ability of Shamrock and its Advisory Affiliate to identify, structure, and implement investments consistent with the Fund's investment objectives and policies.

#### Content Industry Risk - Competition

The film, television, music and other content industry is extremely competitive. The ability of the Content Funds to compete successfully depends upon, among other factors, the continued availability of film, television, music and related properties that it can acquire and its continued relationships with studios and distributors to successfully exploit the content. Studios compete intensely to obtain the services of creative talent and copyrights, which may impact the costs of acquiring Entertainment IP assets. Competition for



exhibition of media content, particularly films, is also intense. The successful distribution of Entertainment IP assets in which the Content Funds have an interest may be adversely impacted by competition from well-established companies that may have greater financial and marketing resources. There can be no assurance that films, television shows and other media content in which the Fund has an interest will compete successfully with such other competitors' properties, that desired creative talent or copyrights will be obtained or that demand for the Fund's content across all related revenue streams will remain constant or perform as forecasted at the time of acquisition.

#### Content Industry Risk - Risk of Reputational Damage

Demand for specific content is unpredictable and future cash flows may suffer from reputational damage to an actor's or artist's reputation. Such events are outside of the control of the GP and are difficult to predict. There can be no assurance that the GP will be successful in predicting future cash flows from content or that the reputation of an actor or artist will not cause damage to the Content Funds' cash flows.

#### Uncertainty of Individual Film, Television and Other Media Distribution and Performance; Reliance on Third Parties

Individual film, television and other media performance is unpredictable and may vary significantly. While the Content Funds seek to acquire assets relating to a broad portfolio of films, television and other media rights, the period-to-period performance may fluctuate significantly corresponding to the performance of films, television or other media included in a particular Content Fund investment. Furthermore, the results of any one period may not be indicative of the results for any future period.

In addition, the Content Funds do not plan to build or acquire its own distribution channel. As a result, distribution of the Content Fund assets will be handled by third party distributors. The successful distribution of media content is subject to numerous uncertainties, including risks associated with the chosen release schedule, marketing strategies, competition from other forms of content and corresponding competition for viewers. The Content Funds' strategy of aligning its interests with more than one film or television studio may increase the risk that films or television programs that the Content Funds have an interest in are competing for viewers with each other. Performance of film, television and other media programs is also subject to the competition from other forms of entertainment and leisure activities at any particular time. The ability to successfully distribute films, television and other media content will depend on the capabilities of each respective distributor, but may be impacted by uncertainties beyond control of the distributor. A distributor could enter bankruptcy proceedings or otherwise fail to perform its obligations to the Content Funds, which could negatively affect the Content Funds' returns. While the Fund will seek contractual protections, there can be no assurance that the third parties will successfully distribute the Content Funds' content.



### New Technology Creates Uncertainty in Predicting Future Value

While electronic delivery of content has become increasingly popular, the emergence of market leaders and standardized pricing models are still in nascent stages. Industry participants' ability to manage the changes in technology, create a pathway for changing consumer behavior and exploit new sources of revenue from these changes could have an adverse effect on the growth and success of electronic delivery. In addition, although "catch-up" viewing has become more popular on DVRs and OTT platforms proliferate, the industry's development of solutions or metrics to capture the ratings of these viewers in order to properly measure the value and popularity of programming has lagged. These factors create challenges in predicting the future value of content. There can be no assurance that the GP will be able to accurately predict future cash flows and properly value assets acquired by the Content Funds, including as a result of technology changes in content delivery.

### Piracy

It is impossible to measure the impact of piracy on the Entertainment IP industry, however it may be significant. Technological advancements have facilitated the unauthorized reproduction of film, television and other media content through the use of digital files, which has made it more difficult to contain the loss of revenue from piracy. While the major studios and various trade organizations, record labels and music publishers continually seek to limit or prevent piracy, there can be no assurance that these efforts will be successful.

### Alternative Investment Fund Managers Directive

The EU Alternative Investment Fund Managers Directive (the "**AIFMD**") regulates the activities of certain private fund managers undertaking fund management activities or marketing fund interests to investors within the European Economic Area ("**EEA**"). If the Funds are actively marketed to investors domiciled or having their registered office in the EEA in circumstances where no transitional relief is available: (i) the Funds may be subject to certain reporting, disclosure and other compliance obligations under the AIFMD, which may result in the Funds incurring additional costs and expenses; (ii) the Funds and/or Shamrock may become subject to additional regulatory or compliance obligations arising under national law in certain EEA jurisdictions, which may result in the Funds incurring additional costs and expenses or otherwise affect the management and operation of the Funds; (iii) Shamrock may be required to make detailed information relating to the Funds and its investments available to regulators and third parties; and (iv) the AIFMD may also restrict certain activities of the Fund in relation to EEA Portfolio Companies including, in some circumstances, the Fund's ability to recapitalize, refinance or potentially restructure an EEA Portfolio Company within the first two years of ownership. In addition, it is possible that some EEA jurisdictions will elect to restrict or prohibit the marketing of non-EEA funds to investors based in those jurisdictions, which may make it more difficult for the Funds to raise its targeted amount of commitments.

### Co-Investments

The GP may, in its sole discretion, provide or commit to provide co-investment opportunities to one or more limited partners of the Funds and/or other persons, in each case on terms to be determined by the GP in its sole discretion. Conflicts of interest may arise in the allocation such co-investment opportunities. The allocation of co-investment opportunities, which may be made to one or more persons for any number of reasons as determined by the GP in its sole discretion, may not be in the best interests of the Funds or any individual limited partner. In exercising its sole discretion in connection with such co-investment opportunities, the GP may consider some or all of a wide range of factors, which may include the likelihood that an investor may invest in a future fund sponsored by the GP or its affiliates. The Funds may co-invest with third parties through partnerships, joint ventures or other entities or arrangements. Such investments may involve risks not present in investments where a third-party is not involved, including the possibility that a third-party co-venturer or partner may at any time have economic or business interests or goals that are inconsistent with those of the Funds, or may be in a position to take action contrary to the investment objectives of the Funds. In addition, the Funds may in certain circumstances be liable for actions of its third-party co-venturer or partner.

### Force Majeure

Portfolio investments may be affected by force majeure events (i.e., events beyond the control of the party claiming that the event has occurred, including, without limitation, acts of God, fire, flood, earthquakes, outbreaks of an infectious disease, pandemic or any other serious public health concern, war, terrorism, labor strikes, major plant breakdowns, pipeline or electricity line ruptures, failure of technology, defective design and construction, accidents, demographic changes, government macroeconomic policies, social instability, etc.). Some force majeure events may adversely affect the ability of a party (including a portfolio company or a counterparty to a Fund or a Portfolio Company) to perform its obligations until it is able to remedy the force majeure event. These risks could, among other effects, adversely impact the cash flows available from a Portfolio Company, cause personal injury or loss of life, damage property, or instigate disruptions of service. In addition, the cost to a Portfolio Company or a Fund of repairing or replacing damaged assets resulting from such force majeure event could be considerable. Force majeure events that are incapable of or are too costly to cure may have a permanent adverse effect on a Portfolio Company. Certain force majeure events (such as war or an outbreak of an infectious disease) could have a broader negative impact on the world economy and international business activity generally, or in any of the countries in which a Fund would invest. Additionally, a major governmental intervention into industry, including the nationalization of an industry or the assertion of control over one or more Portfolio Companies or its assets, could result in a loss to a Fund, including if the investment in such Portfolio Companies is canceled, unwound or acquired (which could be without adequate compensation).

### Cybersecurity

Shamrock, the Funds' service providers and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect the Funds and their Investors, despite the efforts of Shamrock and the Funds' service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to the Funds and its Investors. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, or prevent access to these systems of Shamrock, the Funds' service providers, counterparties or data within these systems. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of Shamrock systems to disclose sensitive information in order to gain access to Shamrock data or that of the Funds' Investors. A successful penetration or circumvention of the security of the Adviser's systems could result in the loss or theft of an investor's data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause the Funds, Shamrock, or their service providers to incur regulatory penalties, reputational damage, additional compliance costs or financial loss.

Similar types of operational and technology risks are also present for the companies in which the Funds invest, which could have material adverse consequences for such companies, and may cause the Funds' investments to lose value.

*It is critical that investors refer to the applicable Governing Documents for a complete understanding of the material risks involved in an investment in the Funds. The information contained herein is a summary only and is qualified in its entirety by such documents.*

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

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We have not been subject to any disciplinary action, whether criminal, civil or administrative (including regulatory) in any jurisdiction. Likewise, no person involved in the management of the Firm has been subject to such action.

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

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Shamrock's relationship with Shamrock Capital Advisors, Inc. and its affiliates (each a "**Shamrock Entity**") is material to the Firm's business on a reputational and relationship basis.

The Funds may have conflicts of interest arising out of the overall investment activity of the GP, Shamrock and the other Shamrock entities. To mitigate these conflicts, Shamrock will not draw down capital from Investors in another Fund that invests in middle-market

MEC companies that are organized or derive substantially all of their revenues from business operations in North America or Entertainment IP, until the earlier of (a) the end of the Fund's commitment period and (b) the date on which at least 75% of the total commitments have been contributed to the Funds or committed or reserved for Portfolio Company investments, Management Fees and Fund expenses.

As noted under Item 4 above, Shamrock (or its Advisory Affiliate) has entered into Side Letters or similar agreements with certain Investors in the Funds that are not made available to Investors generally. Certain Side Letter terms may be granted to incentivize or permit certain limited partners to invest with Shamrock, invest certain amounts, or invest with Shamrock in the future. Although such Side Letters may give rise to conflicts of interest, Shamrock has adopted procedures to monitor all Side Letters to ensure no Investors are disadvantaged by the triggering of one or more provisions of a Side Letter. Please refer to Item 4 for additional information.

Shamrock and its personnel can be expected to receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of the Funds that will neither be subject to an offset against any Management Fees payable to the Funds nor will otherwise be shared with Funds, Investors and/or Portfolio Companies. For example, airline travel or hotel stays incurred as Fund or account expenses typically result in cash rebates, "miles," "points" or credit in loyalty/status programs, and such benefits and/or amounts will, whether or not de minimis or difficult to value, inure exclusively to Shamrock and/or such personnel (and not the Funds, Investors and/or Portfolio Companies) even though the cost of the underlying service is borne by the Funds, Investors and/or Portfolio Companies.

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

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### Code of Ethics

Shamrock has adopted a Code of Ethics (the "**Code**") for the Firm describing its high standard of business conduct and its fiduciary duty to Investors. All supervised persons at Shamrock must acknowledge the terms of the Code of Ethics initially upon employment, annually thereafter, or upon any material amendment.

As a fiduciary, we owe an undivided duty of loyalty to the Funds and our Investors as a whole. It is Shamrock's policy that all employees conduct themselves so as to avoid not only actual conflicts of interest with our Funds and the Investors, but also so they refrain from conduct which could give rise to the appearance of a conflict of interest that may compromise the trust Investors have placed in Shamrock and our employees.

### Participation or Interest in Client Transactions

We serve as the investment adviser to the Funds and our Advisory Affiliates serve as the GP of the Funds. Advisory Affiliates, Shamrock and its employees and their relatives may have a financial interest in the Funds through a Carried Interest and/or a direct investment interest in the Funds. As such, we could be considered to have recommended to Investors that they buy or sell securities or investments in which we or a related person has some financial interest. Such interests will vary Fund by Fund. The existence of these varying circumstances may present conflicts of interest in determining how much, if any, of certain investment opportunities to offer to a Fund.

In addition, many of the Funds have established an advisory committee, consisting of Investors that are not affiliated with Shamrock. The advisory committees meet as required (but typically not less once a year) to consult with Shamrock and its Advisory Affiliates as to certain potential conflicts of interest and perform its other responsibilities expressly set forth the Fund's Governing Documents. On any issue involving actual conflicts of interest, Shamrock will be guided by its good faith discretion

### Personal Trading

Subject to the Code and applicable laws, officers, directors and employees of Shamrock and its affiliates may not trade for their own accounts in securities which are recommended to and/or purchased for the Funds. While it is not currently expected that the Funds will invest in traditional equity securities, the Code is designed to assure that the personal securities transactions, activities and interests of access persons of Shamrock will not interfere with (i) making decisions in the best interest of the Funds and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. In addition, the Code requires preclearance of certain transactions, including investments in IPOs or private offerings. Supervised persons trading is monitored under the Code in order to attempt to reasonably prevent conflicts of interest between Shamrock, its Advisory Affiliates and its Funds.

Our Code of Ethics is available to Investors and prospective investors upon request by contacting the Chief Compliance Officer.

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

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As an adviser to private equity funds, we do not generally make investments in securities listed on national exchanges. If there were a situation where we would place a trade(s) through a broker, we would seek "best execution" in light of the circumstances involved in the transaction. In selecting a broker for any transaction, we would consider a number of factors, including, for example, the broker's reputation, net price or spread, financial strength and stability, market access, efficiency of execution and error resolution, and the size of the transaction. We would not be obligated to obtain the lowest commission or best net price for a Fund on any particular transaction.

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

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#### Review of Accounts

The Fund portfolios are reviewed by the Team on at least a weekly basis. This review includes a discussion of current and prospective investments.

#### Client Reports

Investors in the Funds will typically receive, among other things, a copy of audited financial statements of the relevant Fund in accordance with the Fund's Governing Documents. In addition, Investors in each Fund will typically receive written reports containing unaudited summary financial data regarding such Fund, as well as Portfolio Company information, on a quarterly basis.

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

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Shamrock has an existing relationship and compensates one firm in relation to assisting with raising capital for Shamrock Capital Growth Fund, II, LP and Shamrock Capital Growth Fund III, LP.

### **Item 15: Custody**

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Shamrock is deemed to have custody of the assets owned by its Funds. To ensure compliance with Rule 206(4)-2 under the Advisers Act ("**Custody Rule**") Shamrock will ensure that each of its Funds: (i) is audited at least annually and upon liquidation by an independent public accountant registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board (commonly referred to as the "**PCAOB**") in accordance with U.S. Generally Accepted Accounting Principles ("**GAAP**"); and (ii) distributes its audited financial statements to all Investors within 120 days of the end of the Fund's fiscal year (or, in the case of a liquidating audit, promptly after completion of the audit).

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

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Subject to any investment restrictions set forth in the Governing Documents, we have discretionary authority to make the following determinations without obtaining the consent of any Fund or Investor before the transactions are effected:

- the securities that are to be bought or sold;
- the total amount of the securities to be bought or sold;

- the brokers, investment banks or placement agents through which securities are to be bought or sold; and
- the commissions, fees or other rates at which securities transactions for a Fund are effected.

Our discretionary authority is derived from our authority as the investment manager of each Fund and pursuant to an investment management agreement entered into by Shamrock and the Fund.

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

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Although infrequent, when necessary, we will vote proxies/corporate actions of companies in which the Funds invest. The proxies/corporate actions will be reviewed and analyzed by the appropriate managing member of the relevant Fund. Prior to voting, we will make a determination, in our opinion, as to what vote is in the best interest of the Fund. Shamrock will maintain a written record of the proxy/corporate action vote on each occasion that a vote is required.

Upon request, we will provide an Investor with a copy of our proxy voting policies and procedures and/or a record of all proxy votes cast by the Funds.

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

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We require prepayment of more than \$1,200 in fees, per client, six months in advance and are therefore required to include with this filing a copy of the Firm's balance sheet for our most recent fiscal year prepared in accordance with GAAP, audited by an independent public accountant, and accompanied by a note stating the principles used to prepare it, the basis of securities included, and any other explanations required for clarity. Please see attached balance sheet.

We are not aware of any financial condition that is reasonably likely to impair Shamrock's ability to meet contractual obligations to our clients.

**Shamrock Capital Advisors, LLC**  
**Financial Report**  
**December 31, 2020**



## Contents

Independent Auditor's Report	1
Financial Statement	
Statement of financial condition	2
Notes to financial statement	3



RSM US LLP

## Independent Auditor's Report

To the Members  
Shamrock Capital Advisors, LLC  
Los Angeles, California

### Report on the Financial Statement

We have audited the accompanying statement of financial condition of Shamrock Capital Advisors, LLC, and the related notes to the financial statement.

### Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with accounting principles generally accepted in the United States of America. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of Shamrock Capital Advisors, LLC as of December 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*RSM US LLP*

Los Angeles, California  
March 30, 2021

**Shamrock Capital Advisors, LLC**

**Statement of Financial Condition  
December 31, 2020**

**Assets**

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Cash and equivalents	\$ 1,242,298
Due from related parties (Note 4)	5,173,867
Accounts receivable, portfolio companies	984,415
Property and equipment	225,142
Other assets	191,913
<b>Total assets</b>	<b>\$ 7,817,635</b>

**Liabilities and Members' Capital**

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Accrued expenses and accounts payable	\$ 1,110,332
Deferred revenue, portfolio companies	100,000
Due to related parties (Note 4)	900,055
Deferred lease liability (Note 5)	39,596
	<u>2,149,983</u>
Members' Capital (Note 3)	5,667,652
<b>Total liabilities and members' capital</b>	<b>\$ 7,817,635</b>

See Notes to Financial Statement.

## Shamrock Capital Advisors, LLC

### Notes to Financial Statement

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#### Note 1. Nature of Business and Summary of Significant Accounting Policies

**Nature of business:** Shamrock Capital Advisors, LLC (a Delaware Limited Liability Company) (the Company) was formed on January 19, 2010 to provide discretionary investment advisory services and management services to the following private equity, privately pooled investment vehicles (collectively, the Funds) as well as certain portfolio company investments held by these Funds:

- Shamrock Capital Content Fund I, LP
- Shamrock Capital Content Fund II, LP
- Shamrock Capital Growth Fund II, LP
- Shamrock Capital Growth Fund III, LP
- Shamrock Capital Growth Fund IV, LP

In certain situations, Shamrock has provided co-investment opportunities in the equity related investments of the Funds, primarily when the equity requirements of an investment exceed those allowed by the mandate of the Funds. Shamrock currently provides discretionary investment advisory services and management services, and has custody of the assets of the following pooled co-investment investment vehicles:

- BC Holdco, LLC
- Shamrock CCF II Co-Invest I, LP
- Shamrock CCF II Co-Invest I-A, LP
- Shamrock FanDuel CoInvest, LLC
- Shamrock FanDuel CoInvest II, LP
- Shamrock Mobilitie Co-Invest, LLC
- Shamrock Talent & Brands Holdco, LLC

**A summary of the Company's significant accounting policies is as follows:**

**Basis of presentation:** The Company follows Generally Accepted Accounting Principles in the United States of America (GAAP), as established by the Financial Accounting Standards Board (FASB), to ensure consistent reporting of financial condition.

**Use of estimates:** The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements and accompanying notes. Management believes that the estimates utilized in preparing these financial statements are reasonable and prudent; however, actual results could differ from those estimates.

**Cash and cash equivalents:** Cash and cash equivalents include all highly liquid investment instruments with an original maturity of three months or less. The Company maintains its cash in bank deposit accounts which at times may exceed insured limits. The Company has not experienced any losses on such amounts.

**Revenue recognition and related receivables:** The Company earns management fees from the Funds and certain portfolio companies held by these Funds pursuant to contractual arrangements. Management fees are earned as the services are provided and billed in advance, either on a quarterly or semiannual basis, as specified in the contract. Management fees from the Funds are based on a stipulated percentage of the Funds' committed capital, or in some cases, invested capital. Management fees from the portfolio companies are based on amounts as specified in the contract, a portion of which are used to offset the management fees charged to the Fund that holds the investment in the portfolio company.

At December 31, 2020, management has determined that no allowance for losses is necessary for accounts receivable.

## Shamrock Capital Advisors, LLC

### Notes to Financial Statement

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#### Note 1. Nature of Business and Summary of Significant Accounting Policies (Continued)

**Property and equipment:** Expenditures for additions, renewals and betterments are capitalized as incurred. Expenditures for maintenance and repairs are charged to expense as incurred. Property and equipment is stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method based on the estimated useful lives of the assets.

**Impairment of long-lived assets:** Long-lived assets are evaluated for impairment whenever events or changes in circumstances have indicated that an asset may not be recoverable and are grouped with other assets to the lowest level for which identifiable cash flows are largely independent of the cash flows of other groups of assets and liabilities. If the sum of the projected undiscounted cash flows (excluding interest charges) is less than the carrying value of the assets, the assets will be written down to the estimated fair value and such loss is recognized in the period in which the determination is made. Management determined that no impairment of long-lived assets existed as of December 31, 2020.

**Income taxes:** The Company qualifies as a partnership for tax purposes. Accordingly, no provision for income taxes is necessary in the financial statements of the Company because, as a partnership, it is not subject to income tax. Instead, the members report their distributive share of the Company's taxable profits, losses and credits on their respective income tax returns.

The Company determines whether a tax position of the Company is more likely than not to be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. For tax positions meeting the more-likely-than-not threshold, the tax amount recognized in the financial statements is reduced by the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant taxing authority. Management has determined that there were no material uncertain income tax positions for the year ended December 31, 2020. The Company files tax returns as prescribed by the tax laws of the jurisdictions in which it operates. In the normal course of business, the Company is subject to examination by federal, state and local jurisdictions, where applicable. The 2017 through 2020 tax years remain subject to examination by the major tax jurisdictions.

**Recent Accounting Developments:** In February 2016, the FASB issued ASU 2016-2 "Leases" (ASU 2016-02). ASU 2016-02 requires the rights and obligations arising from lease contracts, including existing and new arrangements, to be recognized as assets and liabilities on the balance sheet. In June 2020, the FASB issued ASU 2020-05 "Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)" (ASU 2020-05). ASU 2020-05, which, among other provisions, deferred the effective dates of ASU 2016-02 for certain entities. Therefore, under the amendment, the effective date for entities in the "all other" category for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 14, 2022. Early adoption is permitted. The Company is still evaluating the impact that the adoption of this standard will have on its statement of financial condition and financial disclosures.

## Shamrock Capital Advisors, LLC

### Notes to Financial Statement

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#### Note 2. Property and Equipment

	Useful Life in Years	Amount
Leasehold improvements	5	\$ 826,566
Computers	5	367,380
Furnishings	7	505,158
Artwork	NA	23,717
		<u>1,722,821</u>
Less accumulated depreciation		<u>(1,497,679)</u>
		<u>\$ 225,142</u>

#### Note 3. Members' Capital

The Company is organized as a limited liability company (LLC), which is governed by a limited liability company agreement (the LLC Agreement). Significant terms of the LLC Agreement are summarized as follows:

Allocations of net income or loss are allocated among the members in accordance with the LLC Agreement. Distributions to members are at the sole discretion of the Management Committee. Transfers of interest are permitted in accordance with the LLC Agreement or prior approval of the Board.

**Member redemption:** Effective August 15, 2015, the Company agreed to purchase the 15% ownership interest of a member of the Company. The sale price was payable over four years, and the remaining balance of this liability was paid on January 22, 2020.

**Member non-recourse loans:** The Company issued a promissory note on March 31, 2016 to a Class A Member, bearing interest at 0.7%, the Applicable Federal Rate as of the date of the note. The remaining principal is payable in two equal \$70,000 equal payments on January 15<sup>th</sup> each year through 2022. The new Member's 5% membership interest vested 20% on the date of admission to the Company and will vest an additional 20% on each anniversary of that date. If the new Class A Member becomes Inactive, the unvested portion of these membership interests would be reallocated to the other Class A Members.

ASC 718, *Compensation—Stock Compensation*, establishes accounting and reporting standards for share-based payment transactions with employees, including awards classified as equity and awards classified as liabilities. FASB ASC 718 requires that share-based payment transactions be accounted for using a fair value based method and shall reflect the rights conveyed to the holder of the instruments and the obligations imposed on the issuer of the instruments. Therefore, the Member non-recourse loans are not reflected as a receivable nor as Member's capital on the statement of financial condition as of December 31, 2020, with the exception of the amounts paid as of December 31, 2020.

#### Note 4. Related-Party Transactions

Periodically, the Company incurs and pays expenses, reimbursable by the Funds, relating to the Funds' operating activities. At December 31, 2020, amounts due from related parties in the statement of financial condition includes \$893,244 due from the Funds associated with such expenses, \$2,457,775 due from the Fund's General Partners, and \$1,822,849 of management fees due from funds.

## Shamrock Capital Advisors, LLC

### Notes to Financial Statement

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#### Note 4. Related-Party Transactions (continued)

The Company pays a licensing fee under a licensing agreement for use of the Shamrock trade name. As of December 31, 2020, \$216,675 is included in due to related parties in the statement of financial condition associated with the licensing fee. Also included in due to related parties is \$681,521 in management fee offsets.

Certain officers, members of management, and shareholders of the Company periodically invest in the Funds.

#### Note 5. Operating Leases

The Company leases its office under a noncancelable agreement which expires in August 2021 requiring minimum annual rentals. The lease included a \$393,120 allowance for leasehold improvements and a three-month rent holiday in 2015. On January 19, 2021, the Company amended the lease agreement to extend the lease term from and including April 1, 2021 through and including December 31, 2021. Lease payments are reflected on a straight-line basis over the term of the lease and any excess of the recognized lease expense, which includes the consideration of lease incentives over the actual lease cash payments, are included as deferred lease liability.

The total minimum rental commitment as of December 31, 2020 is due in future years as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	\$ 664,033
	<u>\$ 664,033</u>

#### Note 6. Employee Benefits

The Company has established a salary deferral plan (the Plan) under Section 401(k) of the Internal Revenue Code. The Plan allows eligible employees to defer a portion of their compensation. Such deferrals may accumulate on a tax-deferred basis until the employee withdraws the funds. The Company, at its option, may match a portion of compensation for all eligible employees in the form of a contribution to the Plan. For 2020, the rate of Company match was three percent.

#### Note 7. Subsequent Events

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through March 30, 2021, the date the financial statements were available to be issued, and has determined that the following subsequent events require disclosure in the financial statements.