

# FORM ADV Uniform Application for Investment Adviser Registration

## Part 2A: Investment Adviser Brochure

### Item 1: Cover Page



26 Main Street, Suite 304  
Chatham, NJ 07928  
212.935.0755

200 Monmouth St. Suite 250  
Red Bank, NJ 07701  
732.933.8444

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Seelaus Asset Management, LLC (“SAM” or “the Firm”) is a SEC registered investment adviser (“RIA”) that specializes in fixed-income and equity portfolio management and designing customized investment strategies. SAM works with private clients, foundations, pension plans and other institutional investors. Registration with the SEC does not imply any certain level of skill or training.

**This brochure provides information about the qualifications and business practices of SAM. If you have any questions about the contents of this brochure, please contact Investor Relations at [ir@seelausam.com](mailto:ir@seelausam.com) or (855) 212-0955. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.**

Additional information about SAM is also available on the SEC’s website which may be found at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 Material Changes**

Summary of material changes since last annual update dated March 2025:

- In June 2025, Seelaus Asset Management, LLC defined its MBS Opportunities Strategy
- In September 2025, COO Tara Freshwater departed
- In Dec 2025, Seelaus Asset Management, LLC defined its Short Duration Strategy

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## Item 4 Investment Advisory Business

Seelaus Asset Management, LLC is a SEC registered investment adviser (RIA) firm that specializes in both fixed income and equity portfolio management and designing customized investment strategies for high-net-worth individuals, foundations, pension plans, and other institutional investors. SAM is a subsidiary of R. Seelaus & Co., Inc., a holding company that was originally founded in 1984 as a broker-dealer in Summit, NJ. Seelaus first ventured into the RIA space in 2006, when R. Seelaus & Co., Inc. became dually registered as a broker-dealer and as a NJ-registered RIA. In 2013, Seelaus purchased Granite Springs Asset Management, LLC (founded in 2009) to formalize its RIA business and become SEC-registered. The asset manager has grown in part through the acquisitions of Sunnymeath Asset Management, Inc. (2017) and Sterling Wealth Advisors (2019), and changed its name to Seelaus Asset Management, LLC in November 2018.

SAM provides asset management and financial planning services. Neither the Firm nor its investment adviser representatives (IARs) provide legal or tax advice of any kind. SAM is an RIA that develops investment strategies and then executes investment decisions, on behalf of its clients, on both a discretionary and a non-discretionary basis.

SAM's investment philosophy is based on a twofold approach: 1) We prioritize investment talent that is focused by asset class to ensure deep market knowledge. In a world where markets continue to evolve, volatility becomes more prevalent, and asset class complexity becomes increasingly nuanced, experienced and focused investment expertise is critical. 2) Treating all client relationships as partnerships allows us to ensure we can meet and exceed client investment objectives. Through proactive risk management and a top down macro opinion that informs a bottom-up security selection process, we structure nimble investment portfolios to take advantage of both fundamentally and technically driven opportunities.

SAM has expertise managing across equity and fixed income markets. SAM offers a disciplined value-oriented style of investment management, which spans multiple investment objectives and strategies. SAM can customize investment portfolios to meet the needs of its clients. Portfolio investment objectives are defined at the outset of a client's relationship with the Firm. Then, appropriate investment strategies are developed for clients in separately managed accounts based on the knowledge of each client's income needs, time horizon and risk tolerance. Clients in separately managed accounts may impose restrictions on investing in certain securities or types of securities. SAM communicates with clients on a regular basis to review investment objectives, and changes are made to their respective investment plans as necessary.

SAM or an affiliate serves as adviser and/or general partner to several private funds: Edgewood Partners, LP; Navesink River Partners, LP; Seelaus Housing Equality Fund, LP; and Seelaus Credit Opportunities Fund LP (collectively "SAM Private Funds"). The private funds, not the investors thereunder, are deemed to be SAM's clients and investors in the private funds may not impose investment guidelines and/or restrictions on the private funds.

SAM offers an automated advisory program called Granite Automated Investment SERVICE ("GAISER"). This is a passive investment program which invests in primarily ETF based portfolios. The minimum account size for this program is \$10,000.

SAM provides personal financial planning to individuals, families and their related entities, trusts, estates and family businesses. SAM works with clients to define financial objectives and to develop strategies to reach those objectives, some of which may include: identification of financial problems, cash flow and budget management, risk exposure review, investment management, education funding, retirement planning, estate planning, charitable goals, special needs planning, family business succession issues, fringe benefits, and/or other issues specific to the client.

As of December 31, 2025, SAM managed approximately \$1,698,806,790 in discretionary client accounts, and approximately \$5,445,440 in non-discretionary client accounts.

## **Item 5 Fees and Compensation**

### **Separately Managed Account (SMA) Fees**

#### **Retail Investment Advisory Contracts**

The specific manner in which fees are charged by SAM is memorialized in a retail client's written Investment Advisory Contract ("IAC"). The basic advisory fee for retail accounts can range up to 1.5% of assets under management, which is generally paid quarterly in advance and is typically based on a client's Total Account Value (Total Market Value plus Accrued Interest) on the close of business on the last day of the prior quarter. Investment advisory fees are negotiable. If a retail client closes an account before the end of the quarter, the unearned fee is prorated and refunded; if a client opens an account a prorated fee is assessed.

#### **Institutional Investment Management Agreements**

The specific manner in which fees are charged by SAM is memorialized in an institutional client's written Investment Management Agreement ("IMA"). The basic advisory fee for institutional accounts can range up to 1.0% of assets under management, which is generally paid quarterly in arrears and is typically based on a client's Total Account Value (Total Market Value plus Accrued Interest). The specific fee schedule and methodology are detailed in the IMA. Investment advisory fees are negotiable. If a client opens or closes an account intraperiod, a prorated fee is assessed.

#### **Sub-Advisory Agreements**

The specific manner in which fees are charged by SAM is memorialized in an Advisor's Sub-Advisory Agreement. The basic advisory fee for accounts where SAM is a sub-advisor generally range from 0.25% up to 0.50% of assets under management, which is generally paid quarterly in arrears and is typically based on a client's Total Account Value (Total Market Value plus Accrued Interest). The specific fee schedule and methodology are detailed in the Sub-Advisory Agreement. Investment advisory fees are negotiable. If a client opens or closes an account intraperiod, a pro-rated fee is assessed.

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SMA management fees are either deducted from the account or billed separately, on a quarterly basis. Management fees shall be prorated for each capital contribution and withdrawal made during the applicable calendar quarter. Accounts initiated during a calendar quarter will be charged a prorated fee.

Separately managed account clients may terminate their contracts with prior written notice. Refunds will be given on a prorated basis, based on the number of days remaining in a quarter at the point of termination. Clients may terminate their contracts without penalty, for full refund, within five (5) business days of signing the advisory contract.

SMA clients may pay other fees in connection with our advisory services, such as custodian fees, mutual fund expenses, wire transfer and electronic fund fees, transfer taxes, and state and/or federal fees and taxes on partnership interest. Clients will also incur brokerage and other transaction costs. These costs are separate from any fees paid to SAM.

SAM reserves the right to waive all or any portion of its management or incentive fees with respect to any of its clients, whether separately managed or members of a limited partnership managed by the Firm. Any such waiver is made on a facts and circumstances basis at any time and may be on a one-time or on a permanent basis.

## Fund Fees

Each limited partnership entity managed by SAM has a fee structure detailed in its respective private placement memorandum or offering memorandum (collectively “Offering Documents”) and ranges from 0.10% to 0.50% of net asset value on a quarterly basis (0.40% to 2% annually). Regarding the Seelaus Credit Opportunities Fund, an incentive performance fee (10% annually) based on performance may be charged. Management fees are charged quarterly in advance and any applicable performance fee is calculated and charged annually. The performance fee is the applicable allocable net annual gain in the capital accounts, and in some cases reviewed against an agreed upon benchmark, exclusive of withdrawals and contributions times the incentive rate at the end of the fiscal year or portion thereof.

Investors in SAM Private Funds may redeem their investments in accordance with the terms in each respective fund private placement memorandum, partnership agreement or offering memorandum, as applicable.

In general, in addition to relevant management and incentive fees, each investor in the SAM Private Funds will bear its proportionate share of the SAM Private Funds on a pro rata basis with respect to the size of its Capital Account(s).

Each of the SAM Private Funds Offering Documents specifically describe related expenses investors will bear, but in general, the SAM Private Funds operating expenses include but are not limited to the following types of expenditures without limitation:

- (a) organizational and offering expenses;
- (b) expenses associated with all investments and transactions considered, evaluated and/or consummated by the SAM Private Funds, including, without limitation, expenses associated with sourcing, negotiating, investigating, researching, financing and structuring of investments and potential investments, whether or not consummated, including third-party research, data, analytics, modeling, structuring, pricing, execution and other third-party information systems, software and service fees (including data feeds, subscriptions and reports);
- (c) expenses associated with holding, financing, monitoring, hedging, maintaining and disposing all investments of the Partnership and all transaction and other costs associated therewith;
- (d) travel and related expenses associated with investments and potential investments;
- (e) professional fees associated with investments and potential investments, including, without limitation, consulting, due diligence, investment banking, accounting, valuation, financial, legal, and other advisory fees and expenses;
- (f) transaction fees, brokerage commissions, custodial fees, clearing and settlement charges, and similar fees and expenses associated with the acquisition, disposition and settling of investments and potential investments;
- (g) expenses associated with legal and regulatory filings of the SAM Private Funds (including, without limitation, pursuant to Sections 13 and 16 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), including Form 13F and Form 13H);
- (h) administrative, custodial, appraisal, valuation, legal, regulatory, compliance, consulting, advisory and similar fees and expenses associated with the Fund’s operations, investments and transactions, including fees and expenses of the Administrator (defined below);
- (i) broken-deal, failed transaction, break-up and similar fees, costs and expenses;
- (j) costs and expenses of leverage or any other borrowings of the SAM Private Funds, including interest charges and fees;

- (k) expenses incurred in the collection of monies owed to the SAM Private Funds, as applicable;
- (l) auditing and accounting expenses of the SAM Private Funds, including expenses associated with the preparation of financial statements, tax returns and Schedules K-1 and the fees and expenses of the auditor;
- (m) any entity level taxes, fees, or other governmental charges on the SAM Private Funds, including any withholding taxes not due to the status or noncompliance of a particular investor;
- (n) costs and expenses associated with investor communications and reports and the delivery thereof to investors;
- (o) the costs of service providers or software to measure or monitor risk metrics, to aggregate positions and/or to provide reporting with respect to risk metrics and/or positions;
- (p) costs and expenses associated with any investor meetings; (q) insurance expenses, including, without limitation, directors' and officers' liability insurance, general partner liability insurance, errors and omissions insurance and other policies, if any;
- (r) costs and expenses (including entity-level taxes, fees or other governmental charges) associated with the formation, organization and operation of any subsidiary, special purpose vehicle, alternative investment vehicle, holding company, or similar entity formed with respect to investments, credit facilities or other transactions entered into for the benefit of the SAM Private Funds;
- (s) wind-up, liquidation, termination and dissolution expenses;
- (t) costs, fees and expenses related to registration, qualification and/or exemption under any applicable U.S. federal, state, local, or non-U.S. laws, rules or regulations, including blue sky fees, Form D, Form 8.3, CFTC filings and notices and other securities and/or investment-related filing expenses;
- (u) costs related to any transfers of Interests, unless otherwise charged to or borne by the applicable transferor and/or transferee;
- (v) expenses incurred in connection with the preparation of any amendment to the Offering Documents and related legal documents;
- (w) any extraordinary expenses (including all litigation-related and indemnification and contribution expenses, including the amount of any judgment or settlement paid in connection therewith);
- (x) the Management Fee; and
- (y) all other fees, costs, charges and expenses associated with the business, affairs and/or operations of the SAM Private Funds.

### **Financial Planning Services**

Seelaus Asset Management may charge a fixed fee and/or hourly fee for financial planning and consulting services. These fees are negotiable but generally range from \$2,500 to \$7,000 on a fixed fee basis and from \$250 to \$500 on an hourly basis, depending on the level and scope of the services and the professional rendering the financial planning and/or consulting services. If the client engages Seelaus Asset Management for additional investment advisory services, SAM may offset a portion of its fees for those services based on the amount paid for the financial planning and/or consulting services.

Prior to engaging Seelaus Asset Management to provide financial planning and/or consulting services, the client is required to enter into a written agreement with SAM setting forth the terms and conditions of the engagement. Generally, SAM requires one half of the financial planning / consulting fee (estimated hourly or fixed) as a retainer,

payable upon entering into the written agreement. The balance is generally due upon delivery of the financial plan or completion of the agreed-upon services.

In some instances, where the project becomes much more involved than initially anticipated, an additional retainer may be required prior to completion of the financial planning and/ or consulting arrangement.

### **Side Letter Agreements**

Seelaus Asset Management, LLC has entered into and may in the future enter into side letter agreements or arrangements with investors that alter, modify or change the terms of the interests held by such investors. Such arrangements generally (subject to applicable terms) include granting certain preferential terms to such investors, including reduced management fees that are lower than those applicable to other investors in a Fund. Where a strategic investor participates in a Fund as an early stage or seed investor, that investor, investment vehicle or account will generally be granted terms, including management, which are more favorable than those applicable to other investors. In addition, where a strategic or seed investor enters into such an arrangement or side letter with a Fund, other investors in the Fund will not be notified or receive documentation of such an arrangement.

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

SAM charges performance fees (incentive fees) with the Seelaus Credit Opportunities Fund. SAM will structure any performance or incentive fee arrangement subject to Section 205(a)(1) of the Investment Advisers Act of 1940 (“The Advisers Act”) and will rely on available exemptions thereunder, including the exemption set forth in Rule 205-3. In measuring clients’ assets for the calculation of performance-based fees, SAM includes realized and unrealized capital gains and losses and, in some cases, a review against an agreed upon benchmark. Performance-based fee arrangements create an incentive for SAM to purchase, sell, or short investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create incentives to favor higher fee-paying accounts over other accounts in the allocation of investment opportunities. SAM has implemented procedures designed to ensure that all clients are treated fairly and equally to the extent possible and practical, and to prevent this conflict from influencing the allocation of investment opportunities among clients. SAM provides asset management services on both asset fee-based and performance fee-based compensation structures. All firms providing asset management services for multiple accounts have the inherent conflict of interest that results from not being able to execute buy and sell orders simultaneously at the same price. Where possible, we utilize block trade orders to minimize dispersion and the inherent conflict when trading for multiple accounts.

The conflict between having accounts with performance-based compensation fees structures and flat asset-based fees is also minimized by bunching trades amongst accounts with similar objectives and liquidity. SAM also tracks performance dispersion on a regular basis between accounts to ensure all accounts are being treated fairly and equitably to the extent possible and practical.

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

SAM clientele consists of high-net-worth individuals, trusts, private investment partnerships for individuals and institutions, foundations, endowments, pension plans and other institutional investors, including other investment advisers. The Firm provides separate account management for individuals and institutions.

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

SAM is an active investment manager that seeks to outperform on a risk adjusted basis, by relying on the analytical

skills, experience, and prudent judgment of its senior professionals. This contrasts with a passive manager that seeks only to match the performance of a benchmark index.

SAM invests in publicly traded stocks, options, bonds, ETFs, mutual funds, preferred stocks, and other financial instruments. Clients should keep in mind that investing involves the risk of loss and clients should be prepared to bear losses. Clients can lose money even when invested in conservative strategies. Clients should also keep in mind that past performance is not indicative of future results.

### **Private Funds**

SAM advises the Seelaus Asset Management Private Funds. While the methods of fundamental analysis are the same across the private funds (bottom up investment analysis), the investment strategies differ.

#### **Seelaus Credit Opportunities Fund LP**

The Seelaus Credit Opportunities Fund LP is a long-short investment grade credit hedge fund. The investment team utilizes active hedging of interest rate risk and long/short credit exposure which results in a low correlation to traditional long-only fixed income products and provides diversification for investors.

#### **Navesink River Partners, LP**

Navesink River Partners, LP pursues a growth strategy by seeking opportunities in holdings of common stocks, convertible issues and preferred stocks.

#### **Edgewood Partners, LP**

Edgewood Partners, LP is a balanced fund pursuing a growth and income strategy. The fund seeks opportunities for growth and income through its holdings of common stocks, convertible and preferred issues and corporate bonds (short-term and high yield).

#### **Seelaus Housing Equality Fund, LP**

Seelaus Housing Equality Fund, LP (the “Fund”) an extension of our Impact Agency MBS strategy - is a short duration, high quality bond strategy specifically designed to positively support underserved communities and increase access to home ownership. The Fund portfolio is constructed out of Agency MBS Pools and CMOs created by GSEs and targets a 1-5yr duration.

### **SAM Strategies and Products**

#### **Intermediate Municipal Bond Strategy**

SAM advises an Intermediate Municipal Bond Strategy, an investment grade (BBB- rated or higher, average rating is A) strategy focused on the intermediate part of the curve, with final maturities no longer than 15 years. The strategy is diversified through sectors, issuers, regions and bond types including taxable and tax-exempt bonds.

#### **Gender Equality Matters (GEM) Impact Equity Strategy**

SAM advises a GEM Strategy, an equity impact strategy focused on investing in companies that are leaders in promoting gender diversity within their board of directors and management teams. The strategy’s proprietary portfolio of individually chosen companies represents a broad representation of economic sectors; Energy and Utility industries are excluded. The strategy reflects companies with approximately 30% female board representation and 20% of female senior executive representation, at time of purchase.

#### **Support Housing Equality (SHE) Impact MBS Strategy**

SAM advises an Impact MBS Strategy, offered in either a Separately Managed Account which can be customized for each investor according to their investment policy statements, or in a Pooled Investment vehicle which can be customized by Region. The strategy seeks to make a positive social impact by investing in a portfolio of securities which provide mortgage finance to low-income communities, rural areas, US veterans and active military families. Our team of experts builds a bespoke portfolio of Agency MBS bonds guaranteed by US Government and Quasi Government entities that offers investors a safe, liquid and customizable high-quality investment alternative. In addition to capitalizing on a sound investment opportunity, this strategy provides a significant societal impact by choosing securities backed by specific lending programs designed to provide affordable housing financing for families considered low-income, rural and/or veterans/active military, as well as homeowners who have struggled to stay current on their mortgage and had their mortgage modified in an effort to keep them in their homes.

### **Short Duration Impact Fixed Income Strategy**

SAM manages a Short Duration Impact Strategy, utilizing a flexible multi-sector investment grade rated (Baa3/BBB- rated or higher) bond approach to create limited interest rate sensitive portfolios, with a duration of one to three years. The Short Duration Fixed Income Impact SMAs are customized for each investor according to their investment policy statements. This is an impact investment in that a portion of the management fees from these accounts funds an analyst program for young women from underrepresented demographics into the asset management industry. The portfolios are focused on names, issues, and maturities we believe represent strong relative value. Portfolios are constructed according to individual investor needs including customizing: duration, sector, rating and issuer constraints and can also include US Treasuries, Municipals, ABS, and Agency MBS.

### **GAISER (Granite Automated Investment SERVICE)**

GAISER is an automated advisory program with a \$10,000 minimum account size. It is a passive investment program which invests in primarily ETF based portfolios. Clients can answer a 16 question survey to gauge risk and time horizon guidelines and then are mapped to one of five ETF strategies based on their risk tolerance from Conservative to High Growth. There is a flat annual fee based on assets under management, and the portfolios are automatically rebalanced at least every six months.

### **MBS Opportunities Strategy**

The Mortgage-Backed Securities Opportunities Strategy is an actively managed, long only, liquid strategy designed to provide attractive risk-adjusted returns. The investment team utilizes a variety of strategies across mortgage-backed securities to take advantage of dynamic market environments, mispriced convexity, or market inefficiencies through duration management, security selection and sector rotation. The result is a diversified, flexible portfolio designed to generate returns in various market environments.

### **Retail Accounts**

When determining investment strategy for individual retail accounts, financial advisors work with clients to understand a number of inputs to determine the client's profile. Such items include client risk tolerances, investment objectives, etc. With an understanding of what individual retail clients are trying to achieve from a financial standpoint, financial advisors then have discretion, where granted, to invest the portfolio in the relevant financial instruments, such as stocks, bonds, ETFs and/or mutual funds to strive to create a portfolio that meets the client's needs.

## **Risks**

### **General Investment Related Risks**

Investing in securities involves the possibility of a risk of loss. Although SAM maintains a disciplined financial strategy

designed to limit investment losses, it cannot eliminate the risk of loss in its entirety. Clients can lose money even when invested in conservative strategies. Clients should also keep in mind that past performance is not indicative of future results and changes in economic or market conditions can have a material impact on the value of their portfolios. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by SAM) will be profitable or equal any specific performance level(s). Clients should be aware that there could be a ramp-up period until their account is fully invested.

SAM's investment approach and the use of derivatives, equity and fixed income securities have different risk profiles. Before investing on behalf of a client, SAM reviews the client's risk profile, financial situation, investment objective and time horizon.

These risks are dependent on the specific client portfolio and may include but are not limited to the following risks:

### **General Economic Conditions**

The success of the Investment Manager's activities will be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of the account's investments), tax considerations and tax treatment, trade barriers, currency exchange controls and national and international political circumstances (including wars, terrorist acts and security operations). These factors may affect the level and volatility of the prices and liquidity of the account's investments and could impair the account's profitability or result in losses. The Investment Manager may consider some or all of these factors when making trading decisions. The account could incur material losses even if the Investment Manager reacts quickly to difficult market conditions, and there can be no assurance that the account will not suffer material losses and other adverse effects from broad and rapid changes in market conditions in the future. Investors should realize that markets for the financial instruments in which the Investment Manager will seek to invest can correlate strongly with each other at times or in ways that are difficult for the Investment Manager to predict. Even a well-analyzed approach may not protect the account from significant losses under certain market conditions.

### **Asset Allocation Risk**

The amount invested in various asset classes of securities may change over time, clients are subject to the risk that SAM may allocate assets to an asset class that under performs other asset classes.

### **Below Investment Grade Bond Risk**

Below investment grade bonds, otherwise known as high yield bonds ("junk bonds"), generally have a greater risk of principal loss than investment grade bonds. Below investment grade bonds are often considered speculative and involve significantly higher credit risk and liquidity risk. The value of these bonds may fluctuate more than the value of higher-rated debt obligations and may decline significantly in periods of general economic difficulty or periods of rising interest rates.

### **Call Risk**

Call risk is the risk that a bond issuer will redeem its callable bonds before they mature. Call risk is greater during periods of falling interest rates because the bond issuer can call the debt and reissue the debt at a lower rate. This action may reduce the client's income because it may have to reinvest the proceeds at lower interest rates.

### **Credit Risk**

Credit risk is the risk that the issuer of the debt obligation will be unable to make interest or principal payments on time. A decrease in an issuer's credit rating may cause a decline in the value of the debt obligations held.

### **Derivatives Risk**

The use of derivatives, such as futures, forwards, options and swaps, involves risks different from, or possibly greater than the risks associated with investing directly in securities. Prices of derivatives can be volatile and may move in unexpected

ways, especially in unusual market conditions. Some derivatives are particularly sensitive to changes in interest rates. In addition, there may be imperfect or even negative correlation between the price of the derivatives contract and the price of the underlying securities. Other risks arise from the potential inability to terminate or sell derivative positions. Further, derivatives could result in loss if the counterparty to the transaction does not perform as promised.

### **Interest Rate Risk**

The value of debt obligations will typically fluctuate with interest rate changes. These fluctuations can be greater for debt obligations with longer maturities. When interest rates rise, debt obligations will generally decline in value, a result of which could be money lost. Periods of declining or low interest rates may negatively impact a client's yield.

### **Inverse Floaters and Inverse Interest-Only ("IOs")**

Clients will be exposed to additional risk to the extent that SAM uses inverse floaters and inverse IOs, which are debt securities with interest rates that reset in the opposite direction from the market rate to which the security is indexed. These securities are more volatile and more sensitive to interest rate changes than other types of debt securities. If interest rates move in a manner not anticipated by SAM, clients could lose all or substantially all of its investment in inverse IOs.

### **Mortgage-Backed Securities ("MBS") Risk**

The value of mortgage-backed securities (commercial and residential) may fluctuate significantly, in response to changes in interest rates. In periods of falling interest rates, underlying mortgages may be paid early, lowering the potential total return, and, during periods of rising interest rates, the rate at which the underlying mortgages are pre-paid may slow unexpectedly, causing the maturity of the mortgage-backed securities to increase and their value to decline.

Mortgage-Backed Securities (MBS) and other Asset Back Securities (ABS) are structured finance products backed by pools of assets and created through a securitization process in which a special purpose entity (SPE) is created. The financial assets are transferred to the SPE which collateralize the ABS. Some ABS represent interests in "pools" of mortgages or other assets held in trust and often involve one or more risks that can be materially different from, or possibly more acute than risks associated with other types of debt instruments. ABS are further impacted by actual or perceived changes in the credit worthiness of the originator. Other risks impacting ABS and MBS include, but are not limited to, interest rate risk, credit risk, liquidity risk, prepayment risk, market risk, operational risk, and legal risk. Some or all of the risks memorialized herein may be directly associated with the asset pool and the structuring of the securities. Custom pools have an associated cost with them which may not be recovered when sold. Because investors in MBS and ABS can be affected by a significant degree of risk including the risk of a complete loss of principal, they are not suitable for all clients. Investors are encouraged to discuss the benefits and risks of these investments with their financial, tax, and other advisors before agreeing to participate in these investments.

### **Odd Lot Risk**

Smaller size bonds, (e.g. "odd lots") typically trade at a discount or a premium compared to larger sized bonds (e.g. "round lots"). For example, buying a bond at a discount could provide a greater return than non-discounted bonds when held to maturity (all other things being equal). However, typically there is a corresponding discount the seller must absorb when selling odd lots prior to maturity. Further, while market participants recognize "odd lot" dynamics, third-party pricing vendors frequently do not. SAM and its custodians rely on these vendors for portfolio valuations. Clients can view their portfolio by accessing their accounts through their custodian's website or on their monthly statements provided by their custodian.

When a client owns "odd lots" in their portfolio, the valuation provided by the custodian may be inflated or deflated because the third-party pricing vendor may be valuing those securities as if they were "round lots". When these "odd lots" are sold, the client may receive less or more than the valuation provided by the custodian.

### **Prepayment Risk**

The issuer of certain securities may repay principal in advance, especially when yields fall. Changes in the rate at which prepayments occur can affect the return on investment of these securities. When debt obligations are prepaid or when securities are called, SAM may have to reinvest in securities with a lower yield. SAM also may fail to recover additional amounts (i.e., premiums) paid for securities with higher coupons, resulting in an unexpected capital loss.

### **Credit Risk and Credit Ratings**

The Investment Manager does not believe that credit ratings should be used as the sole method of evaluating creditworthiness, as such ratings represent only the opinions of the relevant rating agency as to credit quality and are not absolute standards. In addition, ratings agencies may fail to change credit ratings in a timely fashion to reflect events since a security was last rated. "Investment-grade" debt securities are those debt securities that are rated by one or more nationally recognized statistical rating organizations ("NRSROs") within one of the four highest long-term quality grades at the time of purchase (e.g., AAA, AA, A or BBB by Standard & Poor's Ratings Services or Fitch, Inc. or Aaa, Aa, A or Baa by Moody's Investors Service, or in the case of unrated securities, determined by the Investment Manager to be of comparable quality. For purposes of any minimum or average rating requirements set forth in this Memorandum that are based upon an NRSRO's ratings categories, (1) if no sub-categories or gradations are specified the requirement is determined without regard to such sub-categories and gradations, (2) the rating assigned by any one NRSRO may be deemed sufficient, even if one or more other NRSROs may have assigned a lower rating, and (3) if a particular debt security is not rated by an NRSRO, the Investment Manager's determination that the security has credit characteristics comparable to those of a particular ratings category shall be sufficient to treat the security as if it had been rated as such by an NRSRO.

### **Issuer's Inability to Pay Obligations**

The Investment Manager will invest in corporate debt obligations, which are subject to the risk of an issuer's inability to meet principal and interest payments on the obligations, therefore creating credit risk. There can be no guarantee that the Investment Manager will be successful in making the right selections and thus fully mitigate the impact of credit risk.

### **Securities of High Yield Companies**

The Investment Manager may invest in high yield bonds and preferred securities that are rated in the lower rating categories by the various credit rating agencies (or in comparable non-rated securities). Securities in the lower rating categories may be subject to greater risk of loss of principal and interest than higher-rated securities and are generally considered to be predominately speculative with respect to the issuer's capacity to pay interest and repay principal. They are also generally considered to be subject to greater risk than securities with higher ratings in the case of deterioration of general economic conditions. Because investors generally perceive that there are greater risks associated with the lower-rated securities, the yields and prices of such securities may tend to fluctuate more than those for higher-rated securities. The trading activity for lower-rated securities can, at times, be thinner and less active than that for higher rated securities, which can adversely affect the prices at which these securities can be sold. In addition, adverse publicity and investor perceptions about lower-rated securities, whether or not based on fundamental analysis, may be a contributing factor in a decrease in the value and liquidity of such lower-rated securities.

### **Priority of Debt Instruments**

The Investment Manager may invest in secured debt issued by companies that have or may incur additional debt that is senior to the secured debt owned by the account. In many instances, loans purchased by the account may be part of a unitranche structure in which a single lien on behalf of all the lenders in the structure will be filed against the assets of the company if the lenders holding the different tranches of debt (including the account) will contractually agree to their respective priorities in those assets. In the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of any such company, the owners of senior secured debt (i.e., the owners of first priority liens), including in a unitranche structure through the contractual agreements between the lenders, generally will be entitled to receive proceeds from any realization of the secured collateral until they have been reimbursed. At such time, the owners of junior secured debt (including, in certain circumstances, the account) will be entitled to receive proceeds from the realization of the collateral securing such debt. There can be no assurances that the proceeds, if any, from the sale of such collateral would be sufficient to satisfy the

loan obligations secured by subordinate debt instruments. To the extent that the account owns secured debt that is junior to other secured debt, the account may lose the value of its entire investment in such secured debt.

### **Equity Securities**

. A risk of investing in equity securities is that they may decline in value. Equity securities fluctuate in value in response to many factors, including the activities and financial condition of individual companies, the business market in which individual companies compete, industry market conditions, interest rates and general economic environments. In addition, equity securities that the Investment Manager believes are undervalued or incorrectly valued may not ultimately be valued by the markets in the manner that the Investment Manager anticipates.

### **Debt Securities**

The Investment Manager may invest in debt or other fixed income securities, including non-investment grade securities, and similar obligations and instruments. Particularly with respect to non-investment grade securities, there is a risk that the issuer will default on its payment obligations. The market values of debt instruments may be more volatile than the values of other investments and, during periods of economic uncertainty and change, the market price of these investments may decrease significantly. Debt instruments may also be less liquid than equities, particularly during periods of market dislocation. The lack of a liquid secondary market may have an adverse effect on the market price and the Investment Manager's ability to sell particular securities.

### **U.S. Government Securities**

The Investment Manager may invest in U.S. Government securities. Generally, these securities include U.S. Treasury obligations and obligations issued or guaranteed by U.S. Government agencies, instrumentalities or sponsored enterprises. U.S. Government securities also include Treasury receipts and other stripped U.S. Government securities, where the interest and principal components of stripped U.S. Government securities are traded independently. These securities are subject to market and interest rate risk. The Investment Manager may also invest in zero coupon U.S. Treasury securities and in zero coupon securities issued by financial institutions, which represent a proportionate interest in underlying U.S. Treasury securities. A zero-coupon security pays no interest to its holder during its life. The market prices of zero-coupon securities generally are more volatile than the market prices of securities that pay interest periodically.

### **Hedging**

The Investment Manager may engage in certain hedging transactions, including derivatives, options and swaps. Hedges can be more difficult to implement than many other types of transactions, and the possibilities for errors may be greater than for other transactions. Additionally, there is no guarantee that these hedging transactions will prevent losses to client accounts. The success of the account's hedging strategy will be subject to the Investment Manager's ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolio being hedged. Since the characteristics of many securities change as markets change or time passes, the success of the account's hedging strategy will also be subject to the Investment Manager's ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. In addition, hedging transactions may result in poorer overall performance for the account than if no such hedging transactions were executed. Moreover, the Investment Manager may determine not to hedge against, or may not anticipate, certain risks. Finally, the account may be exposed to certain risks that cannot be hedged, such as credit risk (relating both to particular investments and counterparties).

### **Competition**

The securities industry is extremely competitive. The Investment Manager will compete for investment opportunities against various other investors, including many of the larger securities and investment banking firms, which have substantially greater financial resources and research staffs. Competitive investment activity by other firms may reduce the Investment Manager's opportunity for profit by reducing the availability of or increasing the price of what the Investment Manager believes to be, based on its investment criteria, exceptional investment opportunities.

### **Securities Market Volatility**

Securities markets are volatile and may decline significantly in response to adverse issuer, political, regulatory, market or

economic developments. Different parts of the market and different types of debt and equity securities may react differently to these developments. For example, small cap stocks may react differently than large cap stocks. Issuer, political or economic developments may affect a single issuer, issuers within an industry, sector or geographic region, or the market as a whole.

### **Liquidity Risks**

Liquidity risk is the risk that holdings may be difficult to value and trade. Investments that trade less often can be more difficult to buy/sell and a premium/discount may be built into the price when trading these instruments. At times, it may not be possible to sell or otherwise dispose of illiquid securities both at the price and within a time period deemed desirable. Instruments that could be subject to liquidity risk may include small issue size securities, non-index eligible securities, below investment grade, or non-rated fixed income securities, and other securities without an established market.

### **Company Capitalization**

The Investment Manager may invest in securities of companies with various capitalizations where such companies meet the investment criteria described herein. While such companies may provide significant potential for appreciation, such investments, particularly small-capitalization securities, involve higher risks in some respects than do investments in securities of larger companies. The prices of small capitalization and even medium-capitalization and mid-capitalization securities are often more volatile than prices of large capitalization securities and the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to long investors) is higher than for larger, “blue-chip” companies. In addition, due to thin trading in some small-, mid- and medium-capitalization securities, an investment in those securities may be illiquid. The small-, mid- and medium-capitalization securities may, at times, significantly underperform the large capitalization securities and may do so in the future. A related concern for short sale risk is that smaller companies tend to be more readily acquired.

### **Special Situation Investments**

The Investment Manager may invest in companies involved in, or the target of, acquisition attempts or tender offers or in companies involved in or undergoing work-outs, liquidations, spin-offs, reorganizations, bankruptcies or other catalytic changes or similar transactions. In any investment opportunity involving any such type of special situation, there exists the risk that the contemplated transaction either will be unsuccessful, take considerable time or will result in a distribution of cash or a new security, the value of which could be less than the purchase price to the account of the security or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, the account may be required to sell its investment at a loss. Because there is substantial uncertainty concerning the outcome of the transactions involving financially troubled companies in which the account may invest, there is a potential risk of loss by the account of its entire investment in such companies.

### **Borrowing; Interest Rates; Margin**

The Investment Manager may borrow funds from brokerage firms and banks on behalf of client accounts to be able to increase the amount of capital available for marketable securities investments. The rates at which the client account can borrow, in particular, will affect the performance of the account. Even if the account makes a profit on a trade, the interest expense incurred in carrying the position may exceed the profit generated by the trade. Any use of short-term borrowings or repurchase agreements will result in certain additional risks to the account. For example, should the securities pledged to brokers to secure the account’s margin or repurchase obligation decline in value, the account could be subject to a “margin call,” pursuant to which the client must either deposit additional funds with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden drop in the value of the account assets, the account might not be able to liquidate assets quickly enough to pay off its margin debt.

### **Counterparty Risk**

To the extent the Investment Manager invests in cash financial instruments such as stocks, bonds, ETFs, mutual funds, etc., the account will be exposed to the counterparty the Investment Manager traded with until settlement of that instrument. In the event that a counterparty, for any reason, is unable to settle a trade executed by the Investment Manager, should that

counterparty become financially stressed or cease to operate as a going concern, any unsettled trades with that counterparty could be at risk of not settling and the account's risk exposure, and the subsequent economics of that exposure, intended by the investment manager may not be successfully fulfilled.

To the extent that the Investment Manager invests in swaps, derivative or synthetic instruments, or other over-the-counter transactions, including forward contracts, or, in certain circumstances, non-U.S. securities, the account may also take a credit risk with respect to the parties with whom it trades and may bear the risk of settlement default. These risks may differ materially from those entailed in exchange-traded transactions, which generally are backed by clearing organization guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered into directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default.

### **Cyber Security Breaches and Identity Theft**

The information and technology systems of the Investment Manager, their affiliates, their service providers and their portfolio companies may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons, other security breaches and/or usage errors by their respective professionals. The techniques used to obtain unauthorized access to data, disable or degrade service or sabotage systems change frequently and may be difficult to detect for long periods of time. Hardware or software acquired from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security.

Although the Investment Manager and/or their affiliates have implemented, or expect to implement, measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, the Investment Manager, their affiliates, their service providers and/or their portfolio companies may have to make a significant investment to fix or replace them. The failure of these systems for any reason could cause significant interruptions in such parties' operations and/or a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm the reputation of the Investment Manager, their affiliates, and/or their portfolio companies, subject any such entity and their respective affiliates to legal claims and/or otherwise affect their business and financial performance. Specifically, cyberattacks and the failure of such systems may interfere with the processing of account funding or withdrawals, impact the Investment Manager's ability to value its assets, cause the release of confidential information and/or subject the Investment Manager to regulatory fines, penalties or financial losses, reimbursement or other compensation costs, and/or additional compliance costs. The Investment Manager also may incur substantial costs for cyber-security risk management to prevent any cyber incidents in the future. The Investment Manager could be negatively impacted as a result.

### **Market Disruptions**

The Investment Manager may incur major losses in the event of market disruptions and other extraordinary events in which historical pricing relationships (on which the Investment Manager bases a number of its trading positions) become materially distorted. The risk of loss from pricing distortions is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving. The financing available to the Investment Manager from its banks, dealers and other counterparties is typically reduced during market disruptions. Market disruptions caused by unexpected political, military and terrorist events may from time to time cause dramatic losses for the account and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk. In addition, market disruptions may have a direct or indirect negative effect on a wide range of borrowers and may increase the likelihood that such borrowers will be unable to make principal and interest payments on, or refinance, outstanding debt when due. Moreover, the risk that such disruptions will affect a borrower's ability to pay its debts and obligations when due is enhanced if such entity in turn provides credit to third parties or otherwise participates in the credit markets. In the event of such defaults, the account could lose both invested capital in, and anticipated profits from, any affected investments.

### **Business and Regulatory Risks of Alternative Investment Funds**

The financial services industry generally, and the activities of alternative investment funds and their managers in particular, have been subject to intense and increasing regulatory scrutiny. Such scrutiny may increase the Investment Manager's exposure to potential liabilities and to legal, compliance and other related costs. Increased regulatory oversight may also impose additional administrative burdens on the Investment Manager, including, without limitation, responding to examinations, investigations, and document requests, implementing new policies and procedures and complying with recordkeeping and reporting obligations. Such burdens may divert such parties' time, attention and resources from portfolio management activities. The regulatory environment for alternative investment funds is evolving, and changes in the regulation of private funds and their investing activities may adversely affect the ability of the Investment Manager to pursue its investment program, the value of the investments held by the Private Funds and the Private Funds' ability to obtain leverage. There has been an increase in governmental, as well as self-regulatory, scrutiny of the alternative investment industry in general. It is impossible to predict whether changes in regulations may occur, but any regulations that restrict the Investment Manager's activities could have a material adverse effect on the Investment Manager's investments. In addition, such regulatory scrutiny may increase the Investment Manager's exposure to potential liabilities and to legal, compliance and other related costs.

### **Specific Private Fund Risks**

Risk Factors for subscribers to the four private funds listed below include the above general risks as well as those risks laid out in each Fund's Private Placement Memorandum, which should be referred to for more specific details and is available upon request:

- Seelaus Credit Opportunities Fund LP
- Seelaus Housing Equality Fund, LP
- Navesink River Partners, LP
- Edgewood Partners, LP

### **Item 9 Disciplinary Information**

SAM has never been the subject of any material disciplinary actions related to its advisory business or the integrity of management.

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

#### **Registered Representative of a Broker-Dealer**

Some of our representatives are also registered representatives of R. Seelaus & Co., LLC ("RSCO"), a Securities and Exchange Commission registered, FINRA member securities broker-dealer. If you so choose, you may work with one of these dually registered investment adviser representatives in his or her separate capacity as a registered representative of RSCO. When acting in his or her separate capacity as a registered representative of RSCO, your SAM investment adviser representative has the ability to buy or sell, for a commission, general securities products such as stocks, bonds, mutual funds, exchange-traded funds, and variable annuity and variable life products to you in a separate commission-based brokerage account. As a registered representative of RSCO, your SAM investment adviser representative has the ability to suggest that you implement investment advice by purchasing securities products through a commission-based brokerage account in addition to, or in lieu of, a fee-based investment advisory account. This ability to receive commissions in lieu of a fee-based compensation structure creates a potential conflict of interest, as a dually registered representative has an incentive to recommend products for which he or she can receive a commission in his or her separate capacity as a registered representative of a securities broker-dealer. Consequently, the objectivity of the advice

rendered to you could be biased.

You are under no obligation to use the services of your SAM representative in this separate capacity of registered representative or to use RSCO to implement securities transactions. If you choose to have your SAM representative implement securities transactions in their separate capacity as a registered representative of the broker-dealer, they must use RSCO. Prior to effecting any such transactions, you are required to establish a separate account with RSCO. The commissions charged by RSCO may be higher or lower than those charged by other broker/dealers. In addition, registered representatives of RSCO may also receive additional ongoing 12b-1 fees for mutual fund purchases from mutual fund companies during the period that you maintain mutual fund investments in the separate commission-based brokerage account at RSCO.

Employees or Clients are, and could be in the future, affiliated with issuers or sponsors of investments made on behalf of Clients, or service providers that are ultimately paid by Clients, creating potential conflicts of interest relating to SAM's recommendation of investments or service provider selection. Notwithstanding, SAM has established policies and procedures to ensure that investments are made in Clients' best interest and that third-party service providers are selected within SAM's fiduciary duty and are appropriately supervised.

### **Insurance Agent**

If you so choose, you may work with your SAM investment adviser representative in his or her separate capacity as an insurance agent for RSC Financial Products LLC, an affiliated insurance agency. When acting in his or her separate capacity as an insurance agent, your SAM investment adviser representative may sell, for commissions, general disability insurance, life insurance, annuities, and other insurance products to you. As such, your SAM investment adviser representative, in his or her separate capacity as an insurance agent, may suggest that you implement his or her insurance recommendations by purchasing disability insurance, life insurance, annuities, or other insurance products. This receipt of commissions creates an incentive for the representative to recommend those products for which your SAM investment adviser representative will receive a commission, in his or her separate capacity as an insurance agent. Consequently, the advice rendered to you could be biased. You are under no obligation to implement any insurance or annuity transaction through your SAM investment adviser representative.

### **Leveraged Loan Business**

In 2022, R. Seelaus & Co., Inc., the ultimate parent holding company for SAM, and Stone Point Capital, LLC, partnered to create Seelaus Financial, LLC (Seelaus Finco). It is a leveraged finance platform capable of underwriting, structuring, arranging and distributing leveraged loans on a committed and best efforts basis. If you so choose, this affiliate of SAM may be engaged by institutional clients to provide underwriting and associated services. The fees for these services may be higher or lower than those charged by other leveraged loan businesses. You are under no obligation to use the services of Seelaus Financial, LLC.

### **UK Entity**

R. Seelaus UK Ltd has submitted an application for authorization with the UK Financial Conduct Authority ("FCA") and is currently awaiting approval. The firm does not undertake any regulated activities requiring FCA authorization until such approval is granted. Upon authorization, the firm expects to provide corporate finance advisory and arranging services in relation to capital markets transactions, including introducing corporate clients to affiliated entities for execution. The firm will not execute transactions, hold client assets, or act as principal. In the interim, the firm's activities are limited to non-

regulated client coverage and relationship development.

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

SAM has established a mandatory Code of Ethics (“COE”) within its Compliance framework for all supervised persons to follow. The COE requires employees to carry out their responsibilities with a high standard of business conduct and fiduciary duty to its clients. The COE includes provisions relating to the oversight of employee personal trading activities regarding the preclearance of trades and the collection of personal account statements, gifts and entertainment given or received, Firm or employee conflicts of interest, and any business activities outside of SAM. Clients or prospective clients may request a copy of the firm’s COE by contacting SAM through Investor Relations at [ir@seelausam.com](mailto:ir@seelausam.com).

SAM has one employee who may utilize his employment with RSCO to assist in executing MBS bond- restructuring transactions. These specific transactions may generate revenue for RSCO and SAM employees in their capacity with RSCO. This creates a potential conflict of interest. These bond-restructuring transactions are generally limited to; new issue CMOs, RE-REMICS and MACR and other Exchange Class exchanges (all mortgage-backed securities or “MBS”). RSCO would take an economic interest in an MBS bond, from this bond a restructuring would occur to create two or more new bonds, where the value of the new bonds is equal to or greater than the value of the original bond. The pricing used for one of the component bonds has an effect on the pricing of the other component bonds. RSCO would work with a third- party Broker Dealer who has an open shelf with a government-sponsored enterprise (“GSE”) (e.g., Fannie Mae, Freddie Mac or Ginnie Mae) to facilitate the transactions. The third-party Broker Dealer will ultimately take ownership of the base bond, execute the restructuring and deliver to RSCO and/or SAM client’s custodians the new bonds. These transactions occur when SAM identifies a security that, once restructured, one or more of the new bonds are deemed suitable investments for SAM clients. When one of the new bonds created is not a suitable investment for SAM clients, RSCO will sell the bonds to a non-SAM client. Identifying and executing these transactions assists SAM in purchasing suitable bonds for SAM clients that are otherwise unavailable in the market.

SAM’s Policies and Procedures permit personal trading by employees, provided that transactions are pre-cleared in advance and copies of personal brokerage statements are sent to the Compliance Department. The Compliance department utilizes the MyComplianceOffice (MCO) software for entering trade pre-clearances and for monitoring employee transactions on a daily basis. MCO provides feeds of employee and employee related account data and transactions from custodians. If a feed is unavailable from a custodian, the employee is required to upload a statement monthly to MCO for review. It is the employee’s responsibility to ensure that the CCO receives all personal account brokerage statements, confirmations, and / or trade advices in a timely manner and for the pre-clearance of personal account trades.

All outside personal brokerage accounts must be approved by the CCO, or qualified designee, in advance of opening accounts (for a new account) or upon hire if the employee held a pre-existing personal account relationship.

Employees are prohibited from purchasing, selling or recommending the purchase or sale of a security for any account while they are in possession of material non-public information. If any employee comes into possession of any material inside information, they are obligated to bring such information to the attention of the CEO and/or CCO.

## **Item 12 Brokerage Practices**

As part of its fiduciary duty to clients, SAM has an obligation to seek the best execution of client transactions when SAM is in a position to direct brokerage transactions. While not defined by statute or regulation, “best execution” generally means the execution of client trades at the best net price considering all relevant circumstances. SAM will seek best execution with respect to all types of client transactions, including: equities, fixed income, options, futures and any other types of transactions that may be made on behalf of clients.

## **Directed Brokerage.**

SAM does not typically accept client directed brokerage arrangements. However, in limited circumstances that require approval by the CCO, SAM may accept direction from clients or agree to limitations with respect to its brokerage discretion as to which broker or brokers is/are to be used for an account and what commissions are to be paid. Clients which, in whole or in part, direct SAM to use a particular broker to execute transactions for their accounts should be aware that, in so doing, they may adversely affect the firm's ability to, among other things, obtain best price and execution, and the cost of the transaction may be greater. Clients that direct their brokerage should also be aware that the firm will generally place such trades after the completion of trades for clients that do not direct their brokerage. To the extent that clients direct brokerage and negotiate their own commission rates it is possible that such clients may have commission arrangements that are more or less favorable than other clients that use the same directed broker.

## **Allocation of Investment Opportunities.**

SAM has a fiduciary duty to act in the best interests of its clients, which includes allocating investment opportunities in a fair and equitable manner. SAM must not favor one client over another. In general, the following is taken into consideration for any given client, as applicable:

- Available capital
- Geographic location and/or target market
- Investment guidelines of the respective client
- Risk profile
- Leverage requirements/limitations
- Capital expenditure requirements
- Yield requirements

SAM offers several different investment strategies/products to clients, with each having its own allocation process as described below.

### **MBS**

Allocating MBS into client accounts is a matching process involving both qualitative and quantitative consideration factors. Discretion is used to evaluate whether any security, if added to a client's account, would create an undesirable portfolio allocation. Concentration risk, available cash/limited cash and risk profiles are closely considered prior to allocation of securities.

Taking into account these considerations, the following allocation methodology is utilized. Client accounts are checked for matches to a security and if appropriate, allocations are made pro-rata to accounts. If no client account matches are found, allocation will go to accounts with >20% cash balances.

Exceptions: From time to time, there may be a specific need within an account which is unique compared to the other accounts. When we are able to purchase a bond that meets that specific need, separate documentation will be made describing the reasoning, etc. The PM will maintain copies of the separate documentation.

### **Municipals**

Allocating purchased municipal bonds is a matching process that involves the consideration of a variety of factors to make sure that bonds are placed in appropriate portfolios. The municipal bond market is quite large and diverse with a variety of sectors, issuers, coupons, maturities, call features and credit ratings. Clients are diverse in their objectives, risk tolerance and state residences. Allocating purchased municipal bonds involves a careful assessment of matching the specific characteristics of each bond with the specific needs of each client portfolio.

Portfolios with a larger percentage of existing cash to total portfolio value tend to be allocated bonds before those portfolios with smaller percentages. Portfolios with larger cash to portfolio value percentages often require multiple bond blocks to get fully invested. The number of blocks needed to invest cash fully factors into allocation decisions, i.e. those portfolios with multiple blocks needed tend to be allocated first.

When allocating purchased municipal bonds to portfolios, SAM considers how long cash has been working in a money market fund awaiting investment. Portfolios that have had cash awaiting investment for the longest period tend to be allocated first.

Each bond purchase for each client portfolio is viewed from the perspective of the portfolio as a whole. How a new bond added into any portfolio would meet client objectives and blend in with the existing portfolio from the perspective of maturity, duration, coupon, credit rating, state, sector, bond structure, etc. are contemplated. Should there be an exception and the process described require a deviation, the circumstances and approval will be documented by the CCO who will maintain separate documentation copies.

### **Equities**

When the Portfolio Manager identifies a company, whose shares represent an attractive investment, they identify the accounts it would fit based upon the risk profile and other characteristics such as amount of leverage or whether it pays a dividend. The Portfolio Manager also looks at the current cash in prospective client accounts to determine if a sale is needed to create cash and if so doing would create a capital gain for taxable accounts. After that analysis, the Portfolio Manager determines the number of shares the Firm wants to buy. Generally speaking, all the companies SAM invests in have the liquidity such that a purchase or sale can happen without disturbing the market and promoting best execution. For less liquid names and issues, it sometimes requires buying the securities over a day or two. When that happens, SAM will split the order over those days and sometimes will execute partial positions and look to execute the other part of the trade in ensuing days. The allocation of what SAM wants to buy or sell is determined before the order is entered and orders are bunched to get best execution and so that certain accounts do not benefit over others.

### **Equity Short Sales**

When SAM researches companies that appear to be selling at low relative valuations, sometimes a Portfolio Manager uncovers companies whose fundamentals do not warrant purchase and whose shares could fall further. SAM then looks to see if the shares have options available which would allow the Firm to construct a stop loss by buying calls and sometimes reducing that expense by simultaneously selling puts. This limits and / or collars the risk of significant loss should the shares rise. SAM judges whether the options are attractively priced such that the firm can ensure that it would not lose more than 10% should a short sale go against the Firm.

Only those accounts which permit SAM to sell short securities are considered and based upon the cash and risk levels of the portfolios being reviewed, a determination is made as to how many shares to short. Then SAM would see if a locate was available from any brokers on the Firm's approved broker list, and would get that locate confirmed before entering the short sale order. To reduce the market risk of the underlying portfolios, SAM sometimes will also short specific ETFs. This will enable the Firm to protect against a fall in certain sectors of the market, or enable the Firm to capitalize on perceived over valuation and risk associated with certain sectors. When SAM shorts sector ETFs, the Firm may or may not use options to reduce the risk of said short.

### **IPOs**

SAM does not generally participate in IPOs. However, in the event SAM does, it will seek to allocate IPOs in a manner that is fair to all Clients and/or Investors. For each IPO in which Client or Private Fund accounts seek to participate, the Portfolio

Manager will prepare a written pre allocation prior to SAM submitting an indication of interest. The Portfolio Manager will seek to establish a pre allocation that is fair in light of each account's size, diversification, cash availability, eligibility to participate (per FINRA Rules 5130 and 5131), investment objectives, and any other relevant factors. Any deviations from that will require written approval by the CCO.

### **Debt New Issues**

In the event SAM participates in primary debt offerings ("new issues"), it will seek to allocate new issues in a manner that is fair to all Clients and/or Investors. For each new issue in which Client or Private Fund accounts seek to participate, the Portfolio Manager will submit an indication of interest to the underwriter. If and when we receive an allocation from the underwriter, the Portfolio Manager will seek to establish an allocation that is fair in light of each account's size, diversification, cash availability, eligibility to participate (per FINRA Rules 5130 and 5131), investment objectives, and any other relevant factors.

### **Trade Errors**

The utmost care must be taken in making and implementing investment decisions on behalf of Client accounts. SAM defines the scope of a trade error as anything within the life cycle of a trade that was within the firm's control that does not go as SAM intended. SAM resolves to remediate errors in a timely manner with our clients' and investors' best interests as a primary objective in the resolution process.

### **Trade Error Resolution**

If a trade error is discovered at any point in the lifecycle of a trade, immediate steps are taken to determine the scope, nature, and materiality of the discrepancy. Our policy is to identify and correct any errors as promptly as possible and in the best interest of the affected clients. If SAM is responsible for the error, the firm will be responsible for any client loss resulting from an inaccurate or erroneous order. If the error is outside SAM's control, the Firm will make the clients whole for the error and will advocate for corrective action with the responsible counterparty. Should the error result in a gain, the client would be the beneficiary. Error resolution is determined by SAM leadership in coordination with compliance.

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

Client accounts are reviewed periodically. Clients are encouraged to communicate any changes in their financial situation that may have an impact on their portfolio investment objectives. Reviews directly with clients are provided on a requested basis.

Internally, client accounts are reviewed regularly on a sample basis. The review will include (but is not limited to) the following:

1. Account performance
2. Suitability of investments compared with stated investment objectives
3. Trading and rebalancing activity
4. Contribution and withdrawal activity
5. Changes in account profile
6. Review of the Investment Advisory Contract ("IAC")
7. Review of any standing instructions

Reviews are conducted by approved reviewers (CIO, CEO) and are further discussed with each relevant representative and the CCO.

Account reviews may also be triggered by market events, rebalancing of securities positions, and/or a change in a client's financial situation, or by client request.

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

SAM does not receive an economic benefit from investment advice or other advisory services provided to clients by outside firms.

SAM has entered into third party solicitor's agreements. Solicitors will perform their responsibilities in accordance with the instructions of SAM and the Investment Advisers Act and the rules thereunder including Rule 206(4)-3.

#### **Item 15 Custody**

Under government regulations, SAM is deemed to have custody of client assets if a client authorizes us to instruct any custodian to deduct our advisory fees directly from your account. SAM is also deemed to have custody of client assets if a client account has a standing letter of authorization ("SLOAs") to a third party on file. However, SAM closely monitors those accounts to ensure proper processing of all SLOAs, including title matching between the distributing and recipient accounts and ensuring that no recipient accounts have the same address of SAM or an affiliated entity. The custodian on your account maintains physical custody of your assets. Clients will receive account statements directly from their designated custodian at least quarterly at the email address or postal mailing address provided to the custodian. Clients should carefully review those statements promptly upon receipt. SAM urges all clients to compare custodian statements to the periodic account statements/portfolio reviews received from us. SAM has a reasonable basis to believe Clients receive these statements from their respective designated custodians. If you are not receiving custodial statements, please contact SAM.

SAM is also deemed to have custody of client assets through our role as General Partner and/or adviser to the SAM Private Funds. The funds are independently audited by a Public Company Accounting Oversight Board ("PCAOB") registered and inspected auditor in accordance with U.S. Generally Accepted Auditing Standards on an annual basis and investors will receive audited fund financial statements prepared in accordance with U.S. GAAP within 120 days of the fund's fiscal year end. The custodian of the funds maintains physical custody of the assets. Clients will receive account statements directly from the administrator or custodian on a quarterly basis.

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

SAM typically accepts discretionary authority to manage investment accounts on behalf of clients. Discretion is exercised within the scope of the client's investment objectives and is consistent with the agreed upon strategy in place. Before accepting investment discretion, SAM requests that clients execute appropriate legal documentation that authorizes the Firm to have discretion in the purchase and sale of securities but restricts cash withdrawals to those requested on behalf of the client and with regard to payment of quarterly investment advisory fees.

Investment discretion is not mandatory and clients may execute their wishes regarding non-discretionary arrangements on their individual Investment Advisory Contracts. In the event that discretion is not granted, investment adviser representatives must obtain approval to engage in trading activities on behalf of a client's account.

Additionally, certain custodians may allow clients to access and trade in their accounts even though they have a Discretionary Investment Advisory Contract (IAC) with SAM. In these instances, if a client chooses to execute trades on their own directly in their accounts, SAM assumes no responsibility for the outcome of those trades and the impact on the overall portfolio.

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

As noted in SAM's investment advisory contracts, SAM does not vote proxies in Separate Accounts. With respect to private funds, given the relative position size the Fund would take at any given time, the cost of voting proxies would outweigh the benefit to the investors. Therefore, in the best interest of the investors, SAM does not vote proxies within the private funds.

Clients may obtain information from SAM regarding its proxy voting policies and procedures by contacting the CCO at 212-935-0755.

SAM does not participate in class actions. Should SAM become aware of an appropriate settlement related to its prior or current securities holdings, it will use best efforts to collect settlement proceeds on behalf of its clients and investors.

### **Item 18 Financial Information**

SAM does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

The Firm does not have any financial commitment that would impair its ability to fulfill contractual and fiduciary commitments to clients.

Neither SAM nor any of its Principals have been the subject of a bankruptcy petition at any time in the past ten years.

**Item 19 Privacy Disclosure Document**

<b>FACTS</b>		<b>WHAT DOES SEELAUS ASSET MANAGEMENT, LLC DO WITH YOUR PERSONAL INFORMATION?</b>	
<b>Why?</b>	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.		
<b>What?</b>	The types of personal information we <u>collect</u> and share depend on the product or service you have with us. This information can include: <ul style="list-style-type: none"> <li>■ Social Security number      Age                      Assets</li> <li>■ Name                              Address                  Risk Tolerance</li> <li>■ Income                            Tax Bracket            Wire Instructions</li> </ul>		
<b>How?</b>	All financial companies need to share <b>customer</b> personal information to run their everyday business. In the section below, we list the reasons financial companies can share their <b>customer</b> personal information; the reasons Seelaus Asset Management, LLC chooses to share; and whether you can limit this sharing.		
Reasons we can share your personal information		Does Seelaus Asset Mgmt. share?	Can you limit this sharing?
For our everyday business purposes—such as <u>to process</u> your transactions, <u>maintain</u> your account(s), <u>respond</u> to court orders and legal investigations, or <u>report</u> to credit bureaus		Yes	No
For our marketing purposes—to offer our products and services to you		Yes	Yes
For joint marketing with other financial companies		No	No
For our affiliates' everyday business purposes—information about your transactions and experiences		No	No
For our affiliates' everyday business purposes—information about your creditworthiness		No	No
For nonaffiliates to market to you		No	No
<b>To limit our sharing</b>	<ul style="list-style-type: none"> <li>■ Call 212-935-0755 —our menu will prompt you through your choice(s) or</li> <li>■ Visit us online: <a href="http://www.rseelaus.com">www.rseelaus.com</a></li> </ul> <p><b>Please note:</b></p> <p>If you are a <i>new</i> customer, we can begin sharing your information <b>1</b> <u>days</u> from the date we sent this notice. When you are <i>no longer</i> our customer, we continue to share your information as described in this notice.</p> <p>However, you can contact us at any time to limit our sharing.</p>		
<b>Questions?</b>	Call 212-935-0755 or go to <a href="http://www.rseelaus.com">www.rseelaus.com</a>		

Who we are	
Who is providing this notice?	Seelaus Asset Management, LLC -- Compliance Department
What we do	
How does Seelaus Asset Management, protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and <u>secured</u> files and buildings.  In addition, the Firm limits information to only those <u>persons</u> who have a need to perform the services which are requested.
How does Seelaus Asset Management collect my personal information?	We collect your personal information, for example, when you <ul style="list-style-type: none"> <li>■ Open an account or <u>Have</u> a life-changing event</li> <li>■ When we discuss matters or <u>As</u> requested by the client</li> <li>■ Periodically when we inquire if the account information is current</li> </ul>
Why can't I limit all sharing?	Federal law gives you the right to limit only <ul style="list-style-type: none"> <li>■ sharing for affiliates' everyday business purposes—information about your creditworthiness</li> <li>■ affiliates from using your information to market to you</li> <li>■ sharing for nonaffiliates to market to you</li> </ul> <p>State laws and individual companies may give you additional rights to limit sharing.</p>
What happens when I limit <u>sharing</u> for an account I hold jointly with someone else?	Seelaus Asset Management will inquire <u>of</u> the joint account holder to verify that the limitation on sharing applies to them as well.
Definitions	
Affiliates	Companies related by common ownership or control. They can be financial and non-financial companies. <ul style="list-style-type: none"> <li>■ <i>Affiliate, U.S. SEC registered BD R. Seelaus &amp; Co., LLC</i></li> <li>■ <i>Affiliate, Insurance affiliate RSC Financial Products, LLC</i></li> <li>■ <i>Affiliate, Leveraged Loan business Seelaus Finco LLC</i></li> <li>■ <i>Affiliate, R. Seelaus UK LTD.</i></li> </ul> <p><i>Seelaus Asset Mgmt. does not share information with affiliates.</i></p>
Nonaffiliates	Companies not related by common ownership or control. They can be financial and non-financial companies. <ul style="list-style-type: none"> <li>■ <i>Our clearing firm BNY Pershing</i></li> <li><i>Third parties whom we subscribe to their systems to fulfill the activities on your account (e.g. order entry systems)</i></li> </ul>
Joint marketing	A formal agreement between nonaffiliated financial companies that together market financial products or services to you. <ul style="list-style-type: none"> <li>■ <i>We do not share information with non-affiliated financial companies.</i></li> </ul>
Other important information	
Thank you for the privilege of servicing your financial needs. Should you have any questions regarding this notice, please do not hesitate to call us <u>at</u> 212-935-0755 or via USPS mail at 26 Main Street, Suite 304, Chatham, NJ 07928.	