



James P. O'Mealia
Head of Equity Portfolio Management
jpom@seelausam.com

Seelaus Asset Management, LLC
25 Deforest Avenue, Suite #308
Summit, NJ 07901
(855) 212-0955
www.rseelaus.com
contact@seelausam.com

151 Bodman Place, Suite #401
Red Bank, NJ 07701
(732) 933-8444

Seelaus Asset Management, LLC Monthly Equity Update

June 2018

Dear Friends:

As has been the case much of the past two years, technology issues registered the strongest performance (+6.78%), but strength in energy (+2.99%) and industrial issues (+3.07%) enabled us to post solid competitive returns. Weakness in consumer staples (-1.57%), utilities (-1.11%), and financials (-0.98%) caused many value-oriented investors to continue lagging the broad market averages. The weakness in value stocks' performance was confined to mid and larger cap issues, as the Russell 2000 Index of small cap value stocks jumped 5.82% for the month. We have been suggesting that there would likely be a rotation into value stocks and smaller cap issues, and in May the rotation appeared to take hold for small caps. Investors continue to focus on growth and are hesitant to sell their technology winners as they have significant gains (creating potential tax liability) and it's extremely hard to unwind an investment that has performed so well. Indeed, thus far in 2018, JP Morgan pointed out that this year's entire S & P 500 gain of approximately 3% (through 6/4) is due to the performance of eight stocks, with two of them (Microsoft and Amazon) responsible for over half the year-to-date advance. It's no wonder no one wants to leave the tech part!

On the economic front, business conditions continue to be robust, with consumers exhibiting strong levels of personal consumption (+0.6% in April), while industrial activity and orders for capital goods excluding aircraft (+1% in April) continue at a high level. According to the Bureau of Economic Analysis, Personal Income rose 0.3% in April and has advanced by 3.8% on a yearly basis. Unfortunately, inflation has also risen with the Personal Consumption Index jumping 2.0% on a yearly basis. With inflation and interest rates rising, investors remain wary of the continued health and sustainability of the current bull market. Worries about potential trade wars, financial pressures in Italy and unrest in Venezuela are added reasons for investors to remain wary and contribute to the short term volatility being experienced by the markets. We are confident that our consistent disciplined investment process will help our clients successfully navigate the more volatile equity market conditions.

We are honored to manage a portion of your investment portfolio and, as always, welcome your comments and questions.

Sincerely,

A handwritten signature in dark ink, appearing to read "James P. O'Mealia", is written in a cursive style.

- 1 -



James P. O'Mealia joined the Seelaus Asset Management investment team as the Head of Equity Portfolio Management in April 2017 as part of the firm's acquisition of Sunnymeach Asset Management, Inc. James manages separately managed equity and balanced accounts for institutions, foundations, and high-net-worth individuals, as well as five private limited partnerships.

Seelaus Asset Management, LLC ("Seelaus AM") is a privately held U.S. Securities and Exchange Commission registered investment advisor that specializes in fixed income portfolio management and tactical asset allocation investment strategies for private clients, family offices, financial advisors, insurance companies, pension plans, and other institutional investors. Seelaus AM is qualified to do business in various state jurisdictions where required.

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