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Seelaus Asset Management, LLC Monthly Equity Update

May 2018

Dear Friends:

While the broad indices posted flattish results, there was carnage beneath the surface. Indeed, Consumer Staples issues sank 4.14% for the period, while Industrials fell 2.79%. We wrote in our most recent quarterly letter that we were concerned about the price pressures facing food and consumer staples issues, and our limited exposure to the sector aided our performance. Unfortunately, our significant allocation to the industrial sector hampered results. Caterpillar suggested on its earnings call in April that the first quarter might be the “high water mark for the year”, and the investing public promptly dumped the shares of CAT and the rest of the babies in the industrial bath assuming that the company was implying a slowdown was ahead. We think investors were looking for a reason to dump stocks and CAT handed it to them, and in this ETF-driven market, many companies not at their peak earnings were jettisoned as well. Our job is to look through the noise and focus on the fundamentals, combine that with our disciplined investment approach and determine the risk/reward of current and prospective holdings. We are confident that our long-term approach will serve our clients well in these volatile times. That approach steered us into the energy sector, which we said in April “continue to represent some of the best values in the market due to their generous yields and discount valuations.” The Energy sector ETF posted a 9.49% gain for the month of April, significantly outperforming every other sector.

The economic outlook remains bright, as manufacturing activity continues at robust levels and the consumer benefits from lower taxes, higher take home pay and increased home values. Poor weather conditions and a very early Easter season will distort first quarter earnings reports somewhat, but the overall level of economic activity is solid and there is little evidence that a recession looms over the near-to-intermediate term. With all eyes on the lookout for inflationary pressures hurting margins, we will continue to focus on those companies able to raise prices and gain market share. We think stock selection will be key in this more volatile market and are confident that our focus on well-run companies selling at discount valuations will generate competitive long term returns for our clients.

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

Sincerely,

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

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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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