



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

November 2018

Dear Friends:

Stocks fell sharply in the month of October as trade worries, economic uncertainty, wage pressures and higher costs of raw materials and transportation costs all conspired to shake investor confidence. We had warned that record high absolute valuations and a seemingly endless march higher by growth stocks was unhealthy and that risks of higher volatility were likely in 2018. October proved us right. Unfortunately, investors dumped growth and value stocks as they attempted to de risk their portfolios and no one seemed happy with the end result. Bonds also suffered in the market dislocation, with thirty year US Treasuries falling by 5.36% for the period. Still, they outperformed equities as the S & P 500 fell by 6.9% and the Value Line Composite of all stocks fell by 9.33%. The Russell 1000 Value Index fell 5.18% as sectors like Utilities (+1.98%) and Consumer Staples (+2.00%) bucked the trend. The Russell 1000 Growth Index fell by 8.94% and technology sector returns were poor (-8.00%), but they still outperformed traditional value sectors like Energy (-11.33%), Industrials (-10.89%) and Materials (-9.18%). Even though the unemployment rate is at a multi-decade low of 3.7%, the economy continues to create strong job growth (250,000 in September) and wage gains accelerated to 3.1% on an annualized rate in October, Consumer Discretionary issues sank 10.10% for the month.

Clearly the economy continues to advance and for now, we think the natural conclusion is that Main Street is performing better than Wall Street. A fair amount of fluff was removed from the market in the October correction and we are encouraged by the way the stock market has recovered in the past week. Importantly, the rotation out of growth issues into value-oriented sectors is something we have been anticipating and have positioned investment portfolios accordingly. With a correction behind us and valuations at more attractive levels, stocks should perform better as we enter the seasonally strongest period of the year for stocks.

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.

James P. O'Mealia
Head of Equity Portfolio Management

- 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.

Disclaimer

Past performance is not indicative of future results. This material is for informational purposes only and shall not constitute financial advice or an offer to buy, sell, or hold any securities or other investments or to adopt any investment strategy or strategies. The opinions expressed are the author's own and do not reflect those of the Seelaus AM's Investment Team. The opinions referenced are current as of the date of publication and are subject to change at any time as a result of changes in market or economic conditions. Material presented has been derived from sources considered to be reliable, but the accuracy and completeness cannot be guaranteed. Registration does not imply a certain level of skill or training. More information about Seelaus AM can be found in its Form ADV, which is available upon request. This commentary has been republished solely to incorporate the legal name change and rebranding of the company to Seelaus Asset Management, LLC effective November 1, 2018. The professional commentary provided herein is the same as the original publication date.