



October 17, 2023

## Q3 2023 INVESTOR UPDATE

### 7 YEARS AT SEABIRD

SEABIRD MUNI+: +49.3%  
S&P Muni Bond Index: +0.99%

SEABIRD INCOME+: +62.3%  
Bloomberg Agg Bond: -0.09%

When Seabird opened its doors 7 years ago, we didn't set out to outperform our peers. In fact, we've never given a single thought to our peers when making an investment decision. Then and now, we've stuck to a simple philosophy that defines success not in relative terms, but in desired outcomes.

We view Fixed Income investment in the only manner that makes sense to us; a vehicle for *accessing distributable income* while *protecting the buying power of invested dollars*. Meeting those two goals is where we set the bar.

To put that challenge in perspective, over the past 7 years, *the broad fixed income market failed to deliver either of these essential ingredients*. To be more specific, over that period, the buying power of invested assets was reduced by over 20% before returning a penny of distributable income.

Outperforming "the market" by 2 or 3 percentage points is generally celebrated in the investment

industry, but in recent markets those celebrated relative returns would have produced no real value to you at all.

Seabird's competitive advantage lies in both our unique ability to source potential investments in tough markets, and our unwillingness to participate unless our two clearly defined goals are likely to be met.

It should be noted that every day the best and brightest of the business world wake up trying to figure out how to pay *less* interest on their debt. But while the majority of investors will be swimming *against* the tide when investing in generally available fixed income products, *we see an opportunity set today as lucrative as we've seen in over a decade.*

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SEABIRD EQUITY+: +246.3%  
S&P Value Index: +91.7%

Similarly, our success in Equities has been due to framing our mission in terms of a desired outcome: *amassing wealth at a pace in excess of historic returns.*

Over the past 60 years the S&P500 produced annualized returns of approximately 10%. While inflation will come and go, and may be *painfully* high at times, that 10% return has proven to be a reliable benchmark for successful equity investing.

Seabird's day-to-day focus, however, is on generating returns well in excess of 10%. In essence we're looking to check three boxes: predictability, added value, and a margin of safety. Taking advantage of these investments *whenever and wherever* they exist is what separates us from investors who focus on traditional benchmarks.

-Arch Peregoff  
-Joseph Di Scala