July 16, 2025

Q2 2025 INVESTOR UPDATE

EQUITIES

Accounts in Seabird's Value Equity strategy declined by approximately 3.8% during the first half of 2025, and over this short period, lagged the benchmark.

We're not surprised by recent results—nor are we concerned. Today's market feels one-sided, with investors crowding into a narrow group of stocks we would have no interest in buying at current prices. Meanwhile, businesses we love are being overlooked. We see them as coiled springs: compressed by low expectations yet likely to outperform over time.

During the quarter, we used market volatility to add to existing positions that had become too discounted to ignore. We nearly doubled our position size in two of our smaller-capitalization stocks: WillScot (WSC) and Bath & Body Works (BBWI).

Both companies were clear beneficiaries of the COVID-era boom and had been in a hangover period as growth investors abandoned them. More recently, concerns around tariffs have pushed their share prices even lower, making the risk/reward very attractive. We don't see much risk of impairment from tariffs. What we do see is two market leaders in their respective industries—cash flow machines, each with a sound long-term game plan and a catalyst to create value.

-Joe Di Scala, CFA

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FIXED INCOME

Should we be talking about the Fed? Probably not. No matter what the Fed may do – or should do – we recognize three important truths. First, there's little evidence that *anyone* possesses the ability to accurately predict where the Fed will set rates. Second, the timing of Fed action may lend itself even *less* to predictability than that of an ephemeral "ultimate" level. And third, a focus on the Fed has a high likelihood of obfuscating and even conflicting with our investment mandate.

This third point cannot be overstated. Our mandate is twofold: to *protect capital* from the triple threat of credit loss, inflation, and self-inflicted damage from interest rate speculation;

while at the same time delivering a stream of *reliable income* to those who choose to take it.

Interest rate speculation has in fact grown to such heights over the past several years that we've enjoyed the unusual benefit of getting paid *not* to speculate on the direction of rates. This of course allows us to do what we do best - sit back and collect income. So, while the wind remains at our back, we'll let the rest of the world watch the show.

-Arch Peregoff