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October 3, 2022

Dear Limited Partner,

	September 2022	**Year to Date**
Seabreeze Capital Partners LP (gross)*	- 2.91 %	- 1.38 %
S&P 500 Index	- 9.34 %	- 24.77 %
NASDAQ	- 10.50%	- 31.37 %

*Preliminary estimate only

Our investment return for the month of September was disappointing. Our poor performance reflected the relentless drop in the U.S. stock market and our slightly expanded net long exposure (which ended the month at about 29%, up from August month-end of 23%).

We would emphasize that even though our investment timeframe is well beyond a one-month period, we still don't like to lose money in *any* interval.

However, over the last several months and for the full year (2022) our performance has been differentiated. Indeed, during August and September our portfolio has declined by only about -2% in value compared to a drop in the S&P Index of almost -15%. Year to date Seabreeze has returned about -1.38% compared to the average stock's pernicious drop of about -30% and for declines in the S&P and the Nasdaq Indices of -25% and -31%, respectively.

As stated last month, 2022 has been among the most difficult stock markets to navigate in history. **It did not get any easier in September.**

While the markets started out strong (up by nearly +5%) early in the month, the decline in equities was particularly steep in the last 2 1/2 weeks, with the S&P Index falling by nearly -15% from its September peak. There have been multiple reasons surrounding the market's drop - rising worldwide interest rates, growing fears of a global recession, a weaker U.S. corporate profits picture and a stronger U.S. dollar. (We will get back to these issues later in our commentary).

At the beginning of 2022 we held to a host of fundamental/valuation concerns and were of the mind that rarely in history was there such a wide range of possible economic and market outcomes (many of them adverse). We viewed the likely distribution of those outcomes as abnormal (and non- Gaussian), with the potential for long tail risk.

Additionally, we have long warned about the dangers associated with a changing market structure - a subject rarely discussed by market strategists.

Portfolio insurance, which dramatically damaged the U.S. stock market in 1987, was one of the first derivative (and passive strategy) casualties. Since then there has been a substantive and steady evolution from active investing to passive investing (ETFs, quant strategies and products). It is now estimated that over 70% of daily stock trading is a byproduct of systemic/passive investing - much of which is leveraged, with most portfolios exposed to the same side of the (long) boat.

There is little question that the evolution of market structure - which delivered a false sense of diversification - has been a contributing factor to the pace of the recent market decline.

The Discounting Process
** Equities look forward, not backwards*

After this year's sweeping market decline ($9 trillion of wealth has been lost), we concluded in last month's commentary that many of our late 2021 concerns (a more hawkish Fed, too high economic and profit growth expectations, sticky inflation, rising geopolitical risks and excessively high stock valuations) were finally being recognized and *starting* to be discounted.

At the same time we noted that a number of our previously held concerns were improving at the margin:

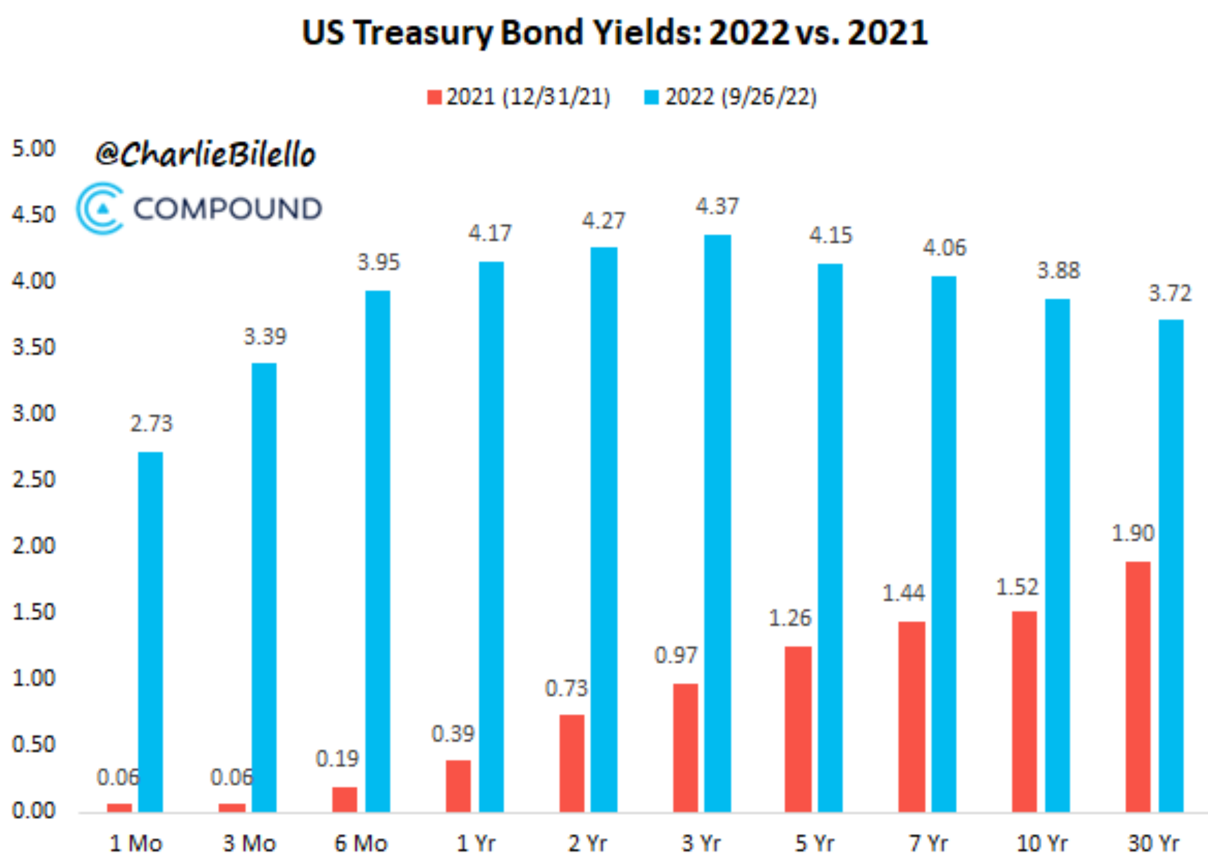
- Supply chain bottle necks were easing.
- Inflation was moderating - as home, energy prices and soft commodity prices were deflating.
- Russia was losing the war against Ukraine.
- Stock valuations and prices had pulled back as investors had grown fearful.

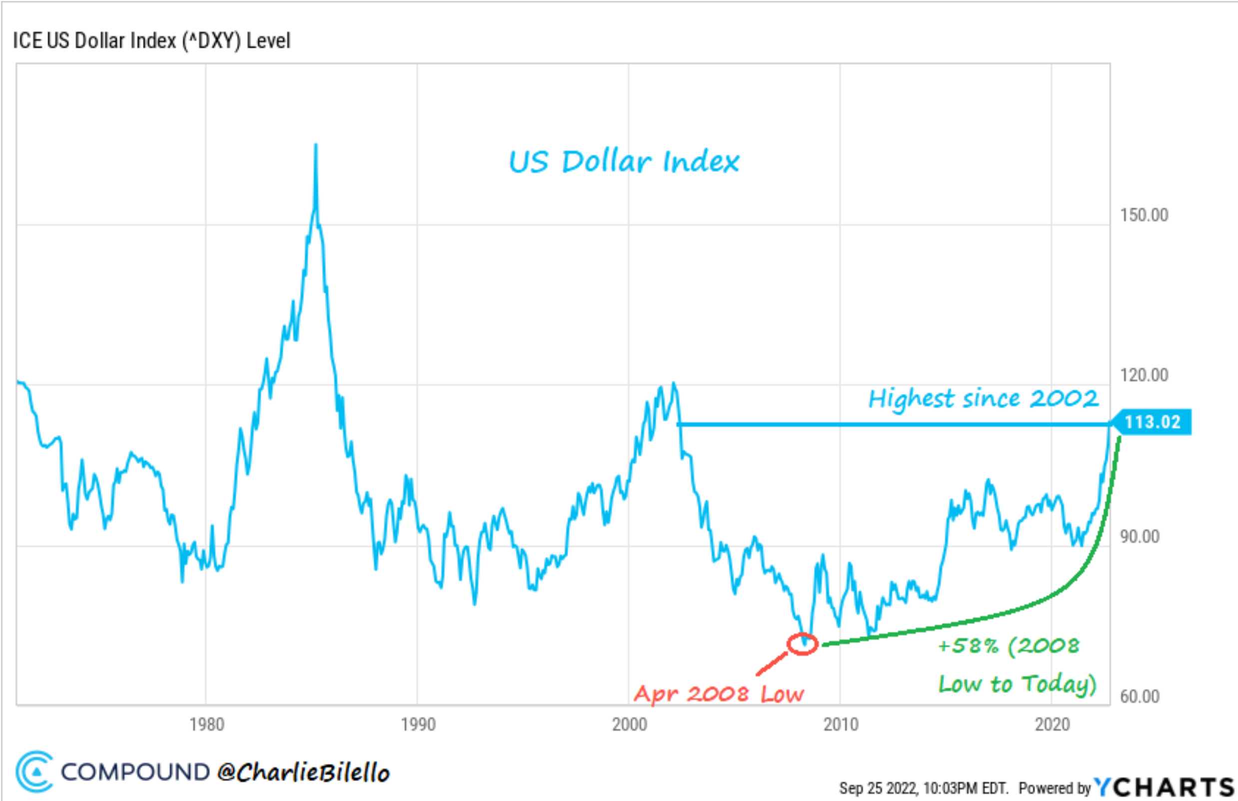
We also made the case that the upcoming recession would be "*mild and brief*" - in part based on a robust jobs market, $3 trillion of excess consumer savings and a sizeable cushion of unrealized gains in home and equity prices. As well, inflation-aided (and high) nominal GDP growth provided a buffer to sales/profits growth. Though market structure posed a risk, we argued that our banking system was well capitalized (and well reserved) and that there was not the sort of uber leveraged economic sectors (e.g. mortgage and finance) that existed at prior economic peaks.

That said, all investment roads lead to bond yields.

Four weeks ago we remarked that the rapidity of the recent climb in and the absolute level of global interest rates were particularly disarming as the fixed income asset class now provides a legitimate alternative to equities (TATA - "*treasuries are the alternative*") and that the value of stocks is reduced (in a classical discounted dividend model) when rates rise. Moreover, an aggressive Fed complicated the issue by raising our currency's value (causing corporate profits to suffer) and by producing a vicious cycle (and currency wars) as central banks around the world are incented to tighten in defense of their own currencies.

The following two charts put the 2022 climb in interest rates and the steady strength of the US dollar into perspective:





As you will read in the following comments, we believe that there is a growing and non-trivial chance that inflation and interest rates are now peaking.

If so, the next several years have the potential to resemble the bullish period for equities (that followed a fall in bond and stock prices in 1994) and led into the dot.com boom.

Let us explain further.

From late 1993 to the end of 1994 the yield on the ten year U.S. note rose from 5.2% to over 8.0% fueled by concerns about federal spending in what became informally known as the *"Great Bond Massacre*." https://en.wikipedia.org/wiki/1994_bond_market_crisis

Equities fell in 1994**.**

At that time, President Clinton's political advisor, James Carville famously said, *"I used to think that if there was reincarnation, I wanted to come back as the President or the Pope, or as a .400 baseball hitter. But now I would like to come back as the bond market. You can intimidate everybody."*

With some guidance from Robert Rubin, the Secretary of the Treasury, the Clinton administration and Congress ultimately made an effort to reduce the deficit and the yield on the 10-year Treasury note dropped to under 4% by November, 1998. Equities boomed from 1995-99. https://www.macrotrends.net/2526/sp-500-historical-annual-returns

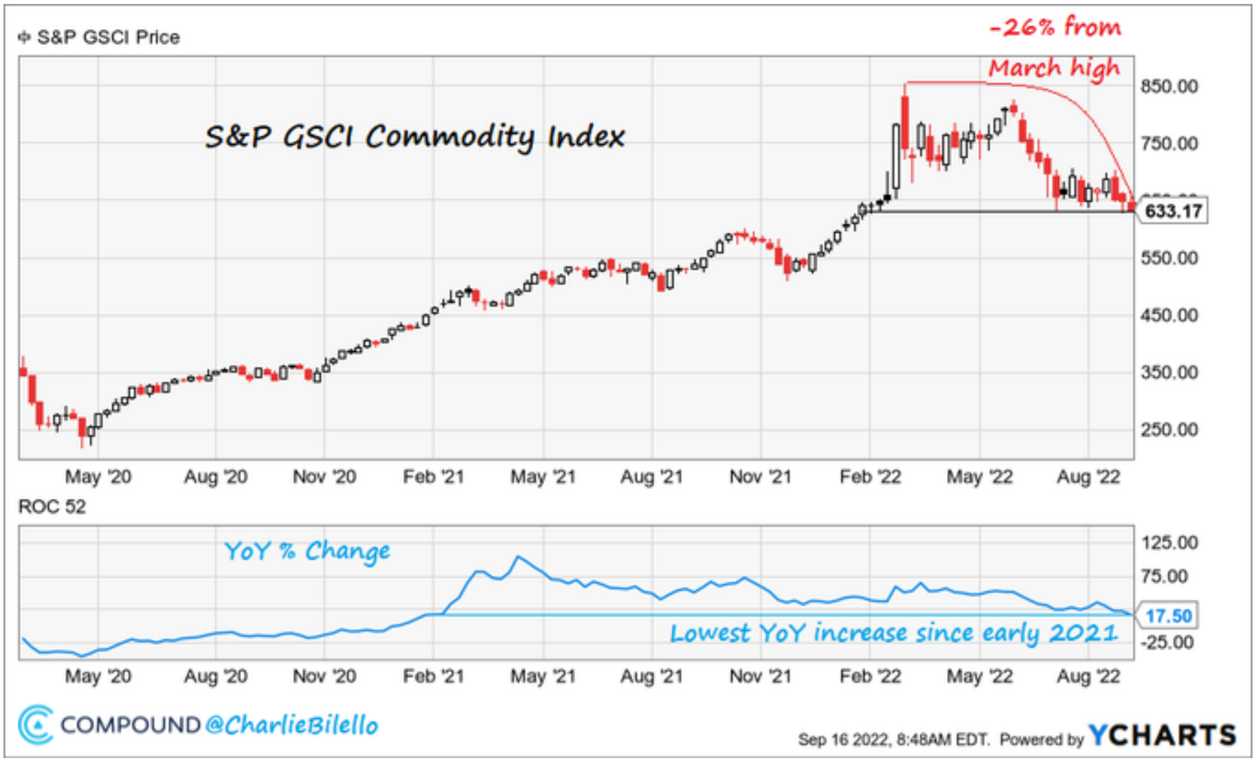
The reality is that throughout time, almost every single global risk asset has been priced off of U.S. interest rates - the ten year US Treasury note or the thirty year US Treasury (long) bond yield are commonly used as proxies for a risk free rate of return.

The yield on the ten-year US note began this year under 1.50% - as of Friday the yield was 3.83%.

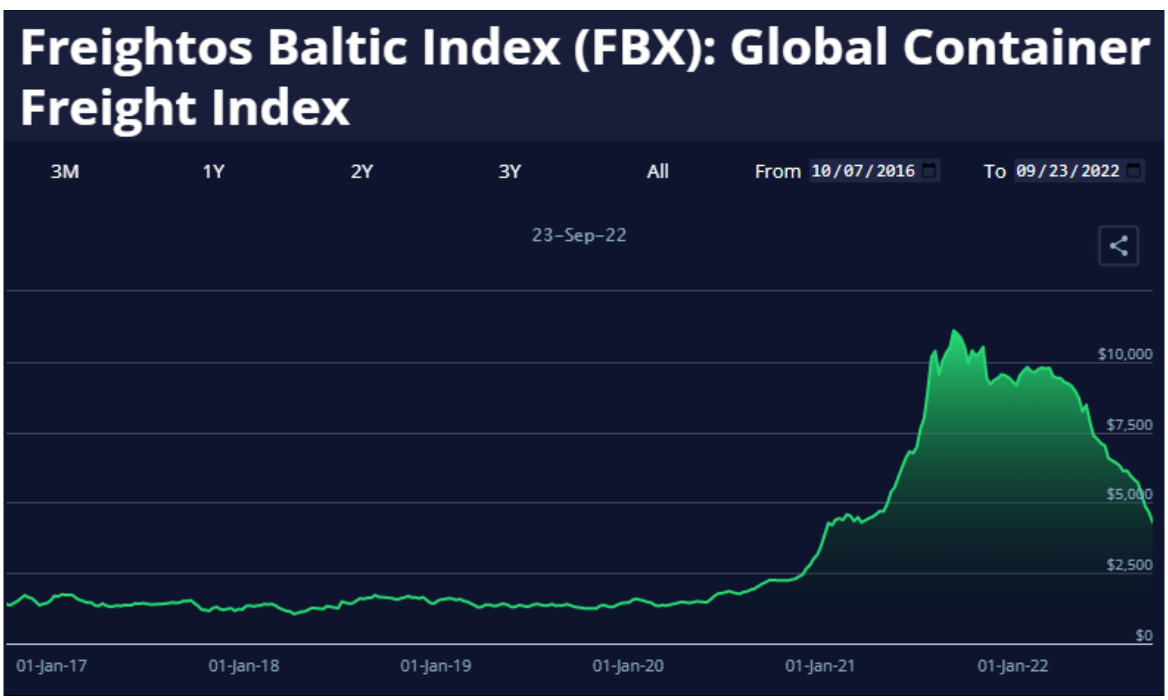
The near universal tightening of monetary policy throughout the world is now contributing to a global economic slowdown - delivering a clear moderation in inflationary pressures/expectations and raising an increased possibility that yields may now be peaking:

1. Crude oil is -40% from March 2022:

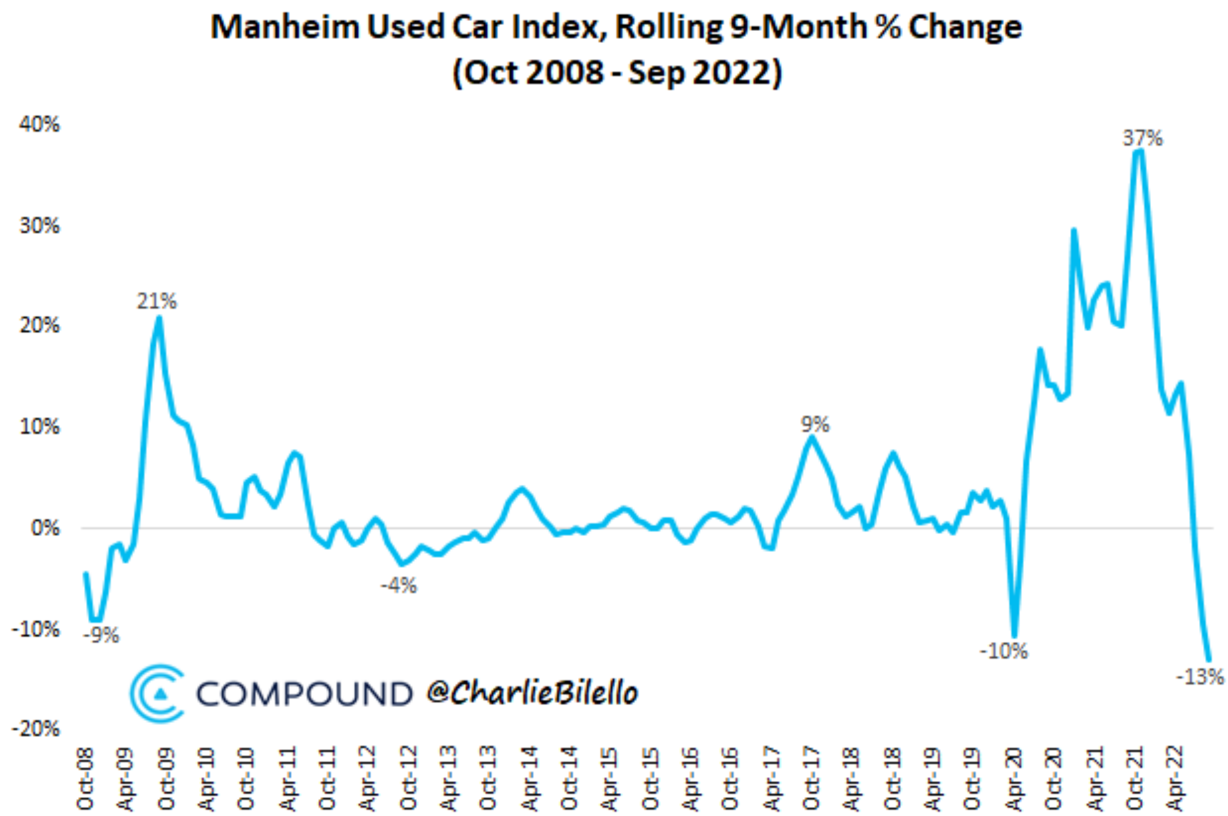
2. Soft commodities have moved broadly lower in recent months (lumber, wheat, soybeans, grain, etc.). As of last week, the S&P GSCI Commodity Index is down by about -30% from its March, 2022 peak:



3. Global freight rates are -57% year to date:



4. Used car prices (which were a good tip off to higher inflation in early 2021) are -13% in 2022:

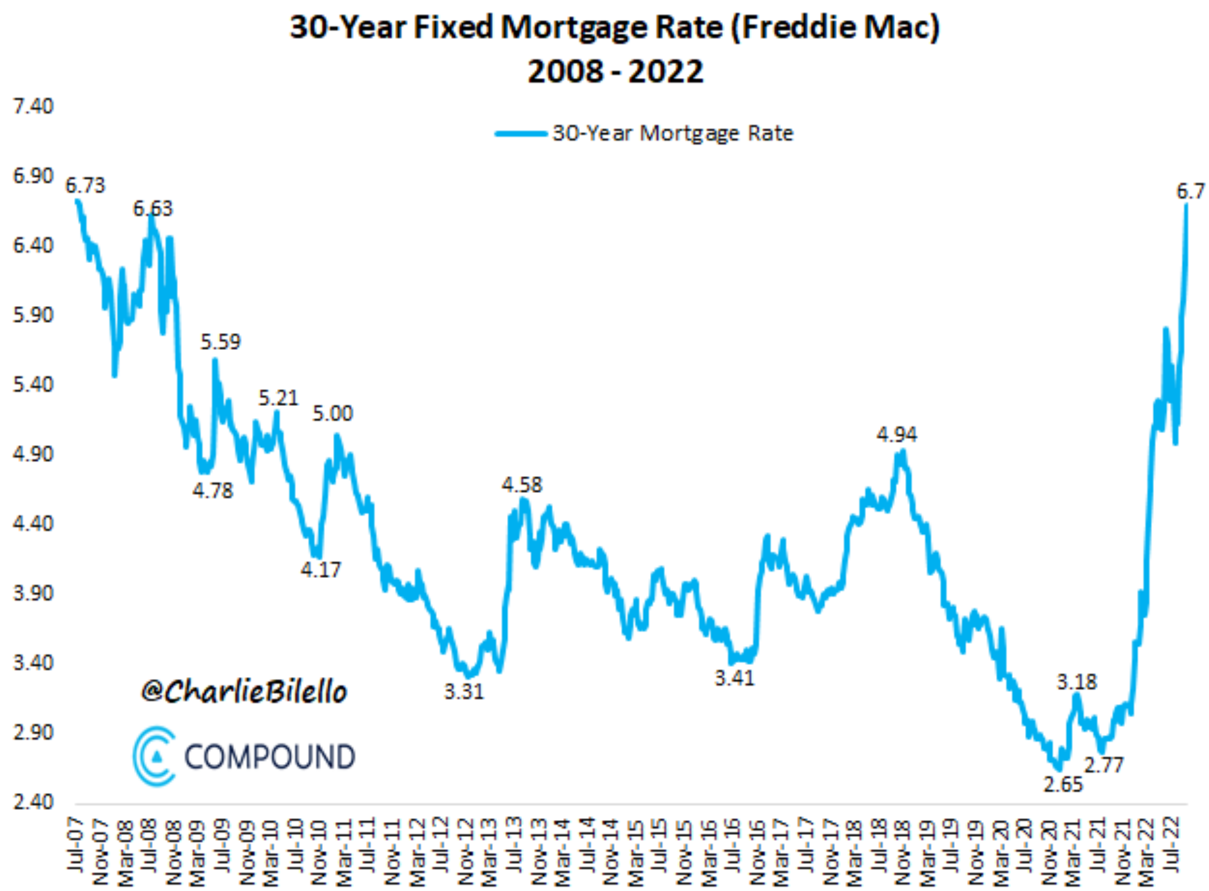


5. Home prices are -6% from June 2022 - and are now dropping more quickly in the face of a more than doubling in mortgage rates.

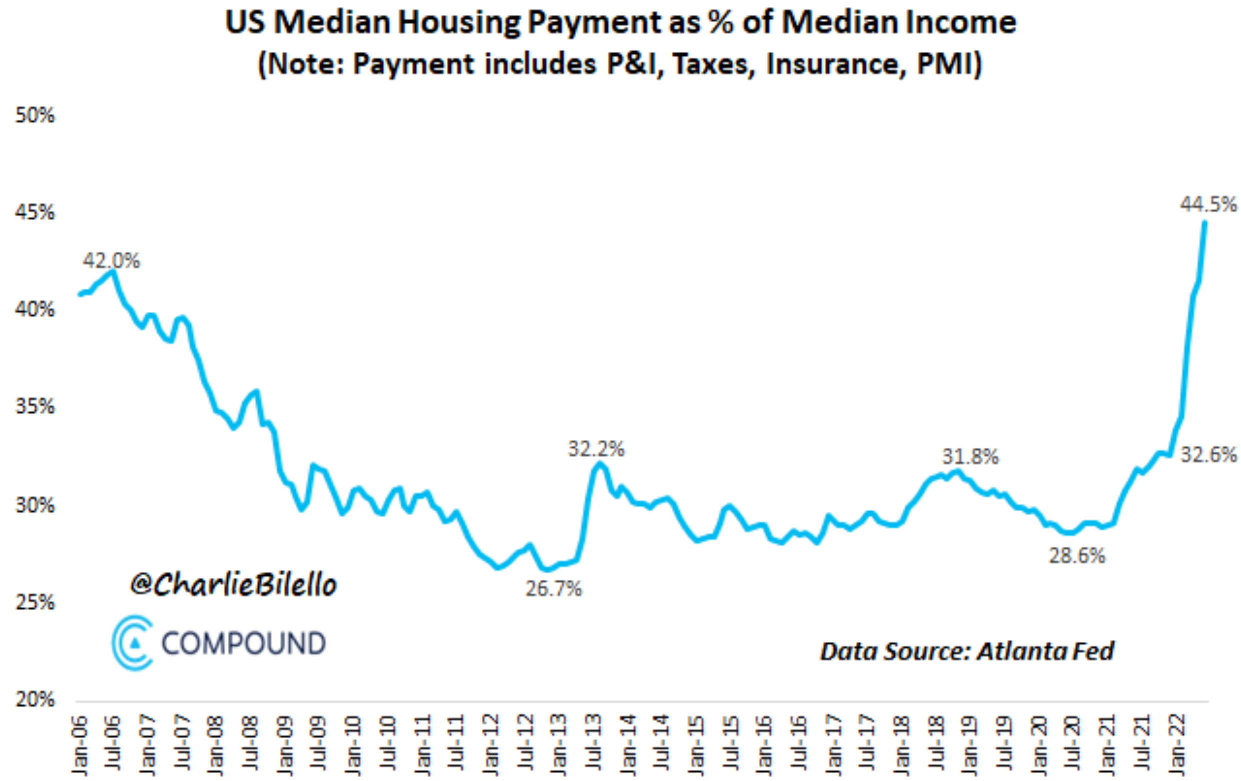
6. Rents in September 2022 exhibited the first decline of the year (and the year over year % increase is at the lowest level since May, 2021).

As a former housing analyst I want to do a deeper dive on the housing market. (Though the housing markets represent a small portion of GDP, the sector *hits above the belt* as it has a multiplier impact on consumer spending).

Two years ago a 30 year fixed rate mortgage was 2.90% and the average new U.S. home price was $405k. Today the same mortgage is 6.70% (the highest level since mid-2007 and the largest spike in rates over the last year since 1981) and the average home price is nearly $525k. As a result, a $25k increase in the down payment (assuming 20% down) is required and monthly mortgage payments have doubled from $1,345 to $2,700.

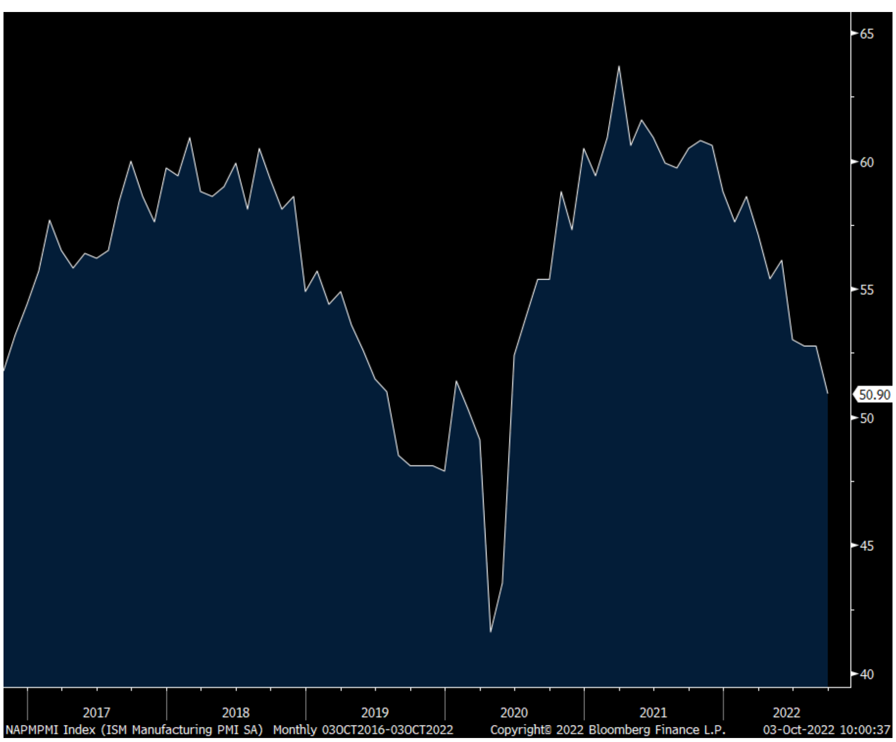


Going forward the ability to access the housing market will clearly be more influenced and dictated by family income than Fed policy:

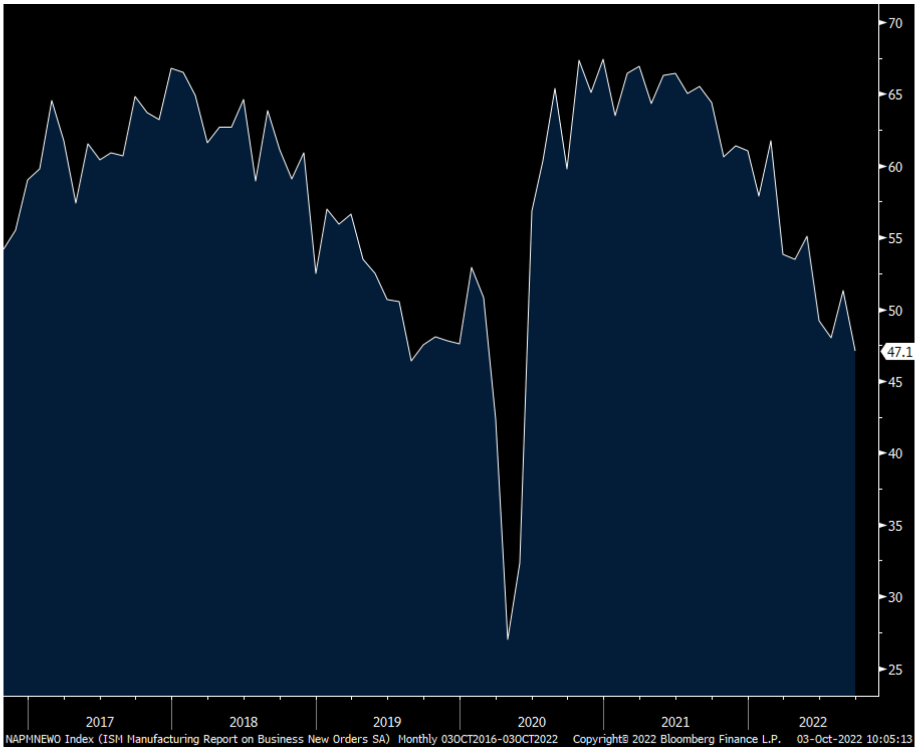


7. Finally, let's now look at the precipitous drop in ISM Manufacturing, Orders and Prices Paid:

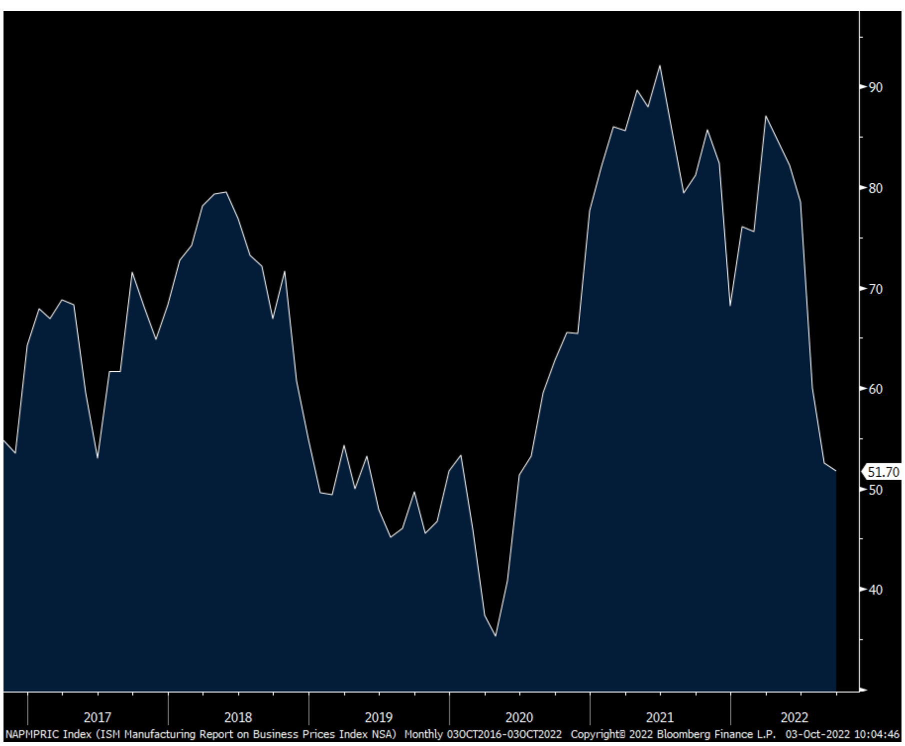
ISM Manufacturing



New Orders

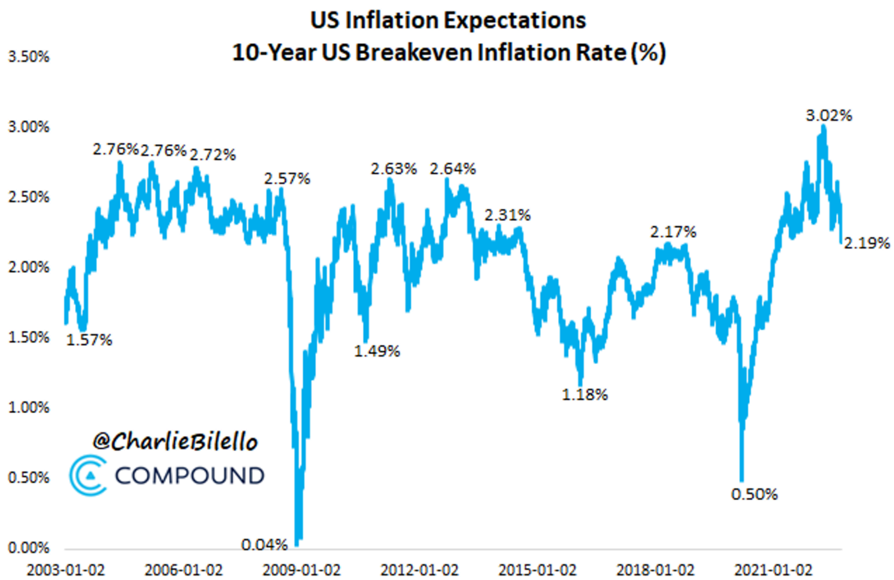


Prices Paid



The price declines listed above represent a potentially market friendly development.

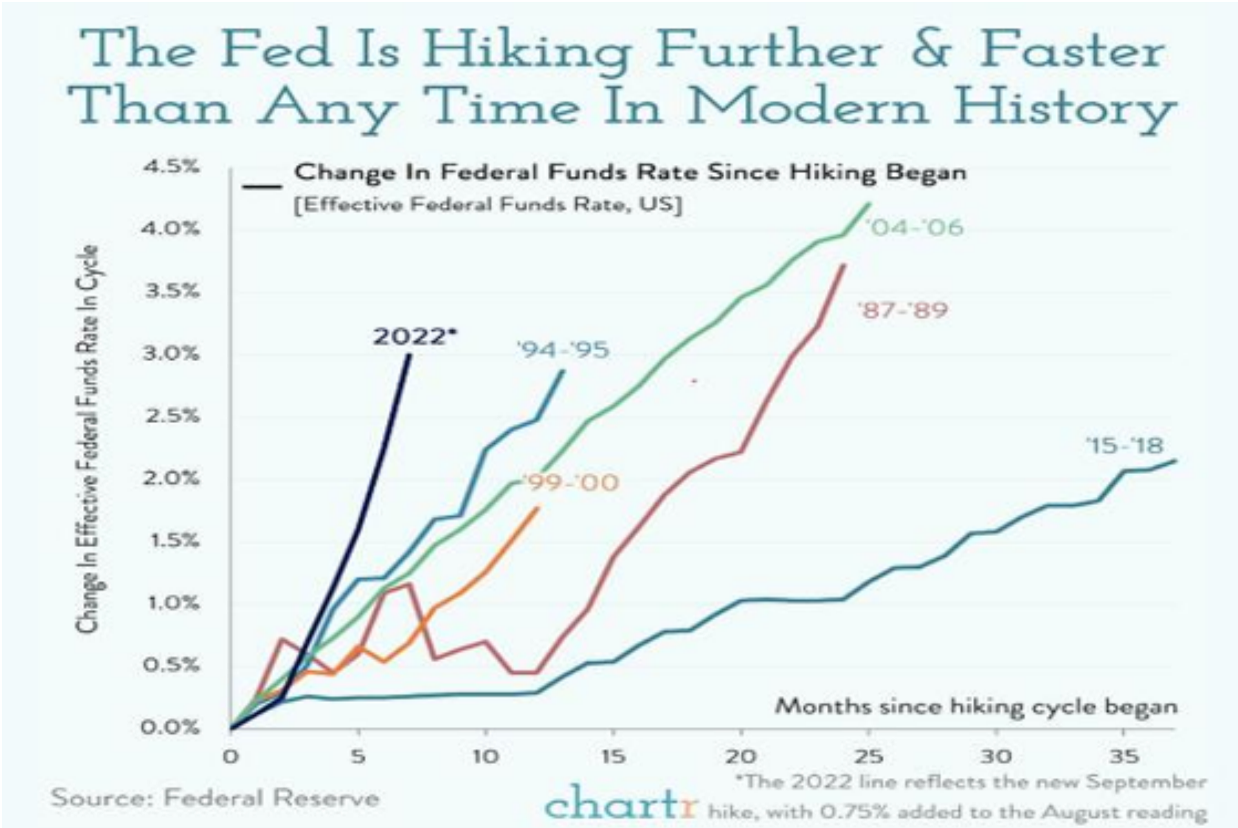
In further support of our claim that the back of inflation is being broken we offer the following chart - which shows that market-based inflation expectations hit an eighteen month low last week (down from a peak of 3.02% in April, 2022 to a current reading of 2.19%).



Wrong Footed Fed Policy Is At The Core of The Problem

We are not Polyannas without concerns.

As noted above, last month's concerns regarding a rising US dollar and higher bond yields have proven correct as the Federal Reserve has outlined a more hawkish policy than many expected - hiking and emboldened to raise interest rates further and faster than at any time in decades:



In the past we have emphasized that we live in a world that is economically flat and interconnected. There is no better illustration of this thesis by looking at central bankers' policy initiatives in the last six months.

Last year the Fed adopted an ex-ante policy (of looking forward) based on deeply flawed forecasts that understated the stickiness of inflation - it was in our view the most significant mistake that has ever been made by the Fed. This year the Fed has complicated last year's mistake by front-ending or stacking aggressive interest rate moves/intentions on an ex-post basis looking backward based on lagging inflationary indicators.

This more hawkish Fed has placed pressure on non US central bankers to tighten in support of their own currencies. Global equities have directly suffered under the Fed's jawboning and umbrella of tightening policy.

Of late, to reference the words of Warren Buffett, the speed and accelerated pace of Fed tightening have threatened global economies and made investors alert to possible systemic risks as the naked swimmers are exposed "*when the tide goes out:"*

While we believe in the final analysis those systemic risks (like the recent forced unleveraging of gilt bonds by UK pension plans that led to a 92 basis point rise in the 10-year gilt bond yield and a near -15% drop in the value of the pound sterling) will likely be contained, we remain particularly concerned with the ramification of repeated and serial mistakes in monetary policy.

The Fed has clearly been offsides and, arguably, is making a second mistake this year in their hawkish action and tone.

These developments hurt confidence, raise volatility and increase the range of economic and market outcomes, most of which are market unfriendly.

Here are some of the questions we ask ourselves and some observations we think about daily:

- The investment mosaic is growing ever more complex.

- It is growing more difficult to attack inflation at a time in which financial markets are increasingly unstable, less liquid and experiencing unprecedented volatility.

- It is worrisome how interconnected our financial system has become and that we cannot readily absorb minor shocks.

- Will what happened in the UK bond market come to the U.S.?

- Will the Fed lose control of the long end of the curve?

- Given the recent turmoil in the global bond and currency markets, is *"risk free"* still "risk free?"

Foam Wealth
** Like when you think you have more milk when it is boiling*

After *The Great Decession* of 2007-09, interest rates were artificially suppressed by global central bankers. TALF/TARP/PPIP and then QE stopped the global economic bleed but prevented assets from clearing

As we have consistently warned, by keeping interest rates too low and by providing excessive liquidity, leverage was encouraged, equities traded as risk free instruments, hubris and complacency were pervasive and the broad landscape of capital markets were mispriced. (A new (and absurd concept) *modern monetary theory* was endorsed by those that should have known better). On top of the almost unlimited monetary and fiscal largesse, the associated Covid-related supply chain interruptions gave way to a sharp acceleration in inflation and in inflationary expectations.

Over the course of the last nine months asset prices are clearing and the bond vigilantes have resurfaced. Interest rates have normalized and both the equity and bond markets have been brutally punished. Stated simply, to paraphrase Martha Reeves and The Vandellas song, *"There has been no place to run, no place to hide."*

Bull Markets Are Borne Out of Bad News
** The emergence of an improving upside reward v downside risk*

We concluded our August commentary with the view that if equities continued their descent, upside reward v. downside risk of the market and of selected equities would finally improve - meriting a slow and gradual increase in our net long exposure.

Despite the market's recent drawdown and investors' growing antipathy towards the markets, the notion that equities are growing more attractive (on a reward vi risk basis) remains our central thesis - of course within the confines of our risk discipline and management.

We continue to judge the future by the past as history is an instructive teacher. At times it is a vast warning system and, at other times, it is a good forecasting tool for better times.

To paraphrase George Santayana. *"An investor without a memory is a madman."* Another great philosopher, Mark Twain reminded us that *"history never repeats itself, but it rhymes."* And novelist/writer Pearl Buck reminded us that *"if you want to understand today (and tomorrow) you have to search yesterday."*

We want to repeat that while investment vision is always 20/20 when viewed in the rear-view mirror, stocks discount the future (often well in advance of a *"turn*" in the real economy). As such, bull markets are often the outgrowth and borne out of bad news - examples include March, 2009, December 2018 and April 2020). (While bear markets are often the outgrowth and borne out of good news - examples include early 2000, August 2007 and December 2021)

The above illustrations underscore the importance of being dispassionate in the investment process. (As previously noted we remain contrarians with a calculator in hand!)

So, we (unemotionally) look to history as a signpost that there may be more fruitful market days ahead:

* At nine months, this is now the longest correction in the S&P Index (from peak to trough) since the 2008-2009 bear market (at the end of *The Great Decession)*. (The average bear market since 1929 has been about 14 months - but there has been much variation around that number (the 2020 "Covid" bear market was less than two months and the 2000-02 "Dot.com" bear market lasted 31 months).

@CharlieBilello	S&P 500 Corrections >5% since March 2009 Low				
Correction Period	# Days	S&P High	S&P Low	% Decline	"Stocks Fall On…"
2022: Jan 4 - Sep 30	269	4819	3602	-25.2%	Inflation, Rising Rates/Fed Tighening, Russia/Ukraine War, Recession Fears
2021: Nov 22 - Dec 3	11	4744	4495	-5.2%	Covid Omicron Variant, Fed Taper Fears
2021: Sep 2 - Oct 4	32	4546	4279	-5.9%	China Contagion Fears, Fed Taper Fears, Covid Delta Variant
2021: Feb 16 - Mar 4	16	3950	3723	-5.7%	Inflation Fears, Rising Rates
2020: Sep 2 - Sep 24	22	3588	3209	-10.6%	Coronavirus, No New Stimulus Deal, Election Fears
2020: Feb 19 - Mar 23	33	3394	2192	-35.4%	Coronavirus, Global Depression Fears
2019: Jul 26 - Aug 5	10	3028	2822	-6.8%	Trade War, Tariffs, Yuan Devaluation, Recession Fears
2019: May 1 - Jun 3	33	2954	2729	-7.6%	Trade War, Tariffs, Inverted Yield Curve, Global Slowdown/Recession Fears
2018: Sep 21 - Dec 26	96	2941	2347	-20.2%	Rising Rates, China Slowdown, Trade War/Tariffs, Housing Slowdown
2018: Jan 26 - Feb 9	14	2873	2533	-11.8%	Inflation Fears, Rising Rates
2016: Aug 15 - Nov 4	81	2194	2084	-5.0%	Election Fears/Concerns/Jitters
2015/16: May 20 - Feb 11	267	2135	1810	-15.2%	Greece Default, China Stock Crash, EM Currencies, Falling Oil, North Korea
2014/15: Dec 29 - Feb 2	35	2094	1981	-5.4%	Falling Oil, Strong Dollar, Weak Earnings
2014: Dec 5 - Dec 16	11	2079	1973	-5.1%	Falling Oil, Strong Dollar
2014: Sep 19 - Oct 15	26	2019	1821	-9.8%	Ebola, Global Growth Fears, Falling Oil
2014: Jan 15 - Feb 5	21	1851	1738	-6.1%	Fed Taper, European Deflation Fears, EM Currency Turmoil
2013: May 22 - Jun 24	33	1687	1560	-7.5%	Fed Taper Fears
2012: Sep 14 - Nov 16	63	1475	1343	-8.9%	Fiscal Cliff Concerns, Obama's Re-Election
2012: Apr 2 - Jun 4	63	1422	1267	-10.9%	Europe's Debt Crisis
2011: May 2 - Oct 4	155	1371	1075	-21.6%	Europe's Debt Crisis, Double-Dip Recession Fears, US Debt Downgrade
2011: Feb 18 - Mar 16	26	1344	1249	-7.1%	Libyan Civil War, Japan Earthquake/Nuclear Disaster
2010: Apr 26 - Jul 1	66	1220	1011	-17.1%	Europe's Debt Crisis, Flash Crash, Growth Concerns
2010: Jan 19 - Feb 5	17	1150	1045	-9.2%	China's Lending Curbs, Obama Bank Regulation Plan
2009: Oct 21 - Nov 2	12	1101	1029	-6.5%	Worries About The Recovery
2009: Sep 23 - Oct 2	9	1080	1020	-5.6%	Worries About The Recovery
2009: Jun 11 - Jul 7	26	956	869	-9.1%	World Bank Neg Growth Forecast; Fears Market Is Ahead Of Recovery
2009: May 8 - 15	7	930	879	-5.5%	Worries That Market Has Gotten Ahead Of Itself
Median	**26**			**-7.6%**	COMPOUND

S&P 500 Bear Markets (defined by 20% Peak to Trough Decline): 1929 - Present						
Bear Market Period	Length of Bear Market (Months)	NBER Recession	Length of Recession (Months)	S&P Start	S&P End	% Change
Jan 2022 to Sep 2022	8	?		4819	3602	-25%
Feb 2020 to Mar 2020	1	Feb 2020 to Apr 2020	2	3394	2192	-35%
Sep 2018 to Dec 2018	3			2941	2347	-20%
May 2011 to Oct 2011	5			1371	1075	-22%
Oct 2007 to Mar 2009	17	Dec 2007 to Jun 2009	18	1576	667	-58%
Mar 2000 to Oct 2002	31	Mar 2001 to Nov 2001	8	1553	769	-51%
Jul 1998 to Oct 1998	3			1191	923	-22%
Jul 1990 to Oct 1990	3	Jul 1990 to Mar 1991	8	370	295	-20%
Aug 1987 to Oct 1987	2			338	216	-36%
Nov 1980 to Aug 1982	22	Jul 1981 to Nov 1982	16	142	102	-28%
Sep 1976 to Mar 1978	18			109	86	-20%
Jan 1973 to Oct 1974	21	Nov 1973 to Mar 1975	16	122	61	-50%
Dec 1968 to May 1970	17	Dec 1969 to Nov 1970	11	109	69	-37%
Feb 1966 to Oct 1966	8			95	72	-24%
Dec 1961 to Jun 1962	6			73	51	-29%
Aug 1956 to Oct 1957	14	Aug 1957 to Apr 1958	8	50	39	-21%
Jun 1948 to Jun 1949	12	Nov 1948 to Oct 1949	11	17	14	-21%
May 1946 to May 1947	12			19	14	-28%
Nov 1938 to Apr 1942	36			14	7	-46%
Mar 1937 to Mar 1938	12	May 1937 to Jun 1938	13	19	9	-54%
Jul 1933 to Mar 1935	20			12	8	-34%
Sep 1932 to Feb 1933	5	Aug 1929 to Mar 1933	43	9	6	-41%
Sep 1929 to Jun 1932	33	Aug 1929 to Mar 1933	43	32	4	-86%
Average With No Recession	**12**					-29%
Average With Recession	**16**					-42%
Average All	**14**					-36%
COMPOUND						@CharlieBilello

* Through the end of September, 2022 (189 trading days), the S&P has had the fourth worst start in history. (Only during The Great Depression (1931), the bust of the Nifty Fifty (1974) and during the implosion of the dot-com era did stocks fall as much). Importantly, equities in the final quarter of the 15 worst nine months (save The Great Depression and The Financial Crisis) managed gains over the last quarter of the year:

S&P 500: Worst Performance through 187 Trading Days (1928 - 2022)				
Rank	Year	Price Return: First 187 Trading Days	Price Return: Day 188 to Year-End	Price Return: Full Year
1	1974	-31.9%	3.2%	-29.7%
2	1931	-28.8%	-25.6%	-47.1%
3	2002	-27.9%	6.3%	-23.4%
4	2022	-23.6%	?	?
5	1962	-21.5%	12.4%	-11.8%
6	1937	-19.7%	-23.5%	-38.6%
7	2001	-18.8%	7.1%	-13.0%
8	2008	-17.4%	-26.6%	-39.3%
9	1966	-15.5%	2.9%	-13.1%
10	1981	-14.9%	5.9%	-9.9%
11	1990	-13.7%	7.8%	-7.0%
12	1940	-13.6%	-1.8%	-15.1%
13	1946	-13.0%	1.3%	-11.9%
14	1953	-12.3%	6.5%	-6.6%
15	1960	-11.6%	9.8%	-3.0%

COMPOUND @CharlieBilello

* In 2022, unlike in prior years, bonds have not provided a buffer to total return - in fact they have likely contributed to the recent panic selling of many asset classes. Starting at historically low (near zero) yields, there has been no hiding place in fixed income as the bond market has provided no total return support in 2022. 60/40 portfolios have been decimated - as fixed income is on pace for its worst year in history with a loss of approximately -16%:

US 10-Year Treasury Bond: Total Returns (1928 - 2022)									
Year	Return	Year	Return	Year	Return	Year	Return	Year	Return
1928	0.8%	1947	0.9%	1966	2.9%	1985	25.7%	2004	4.5%
1929	4.2%	1948	2.0%	1967	-1.6%	1986	24.3%	2005	2.9%
1930	4.5%	1949	4.7%	1968	3.3%	1987	-5.0%	2006	2.0%
1931	-2.6%	1950	0.4%	1969	-5.0%	1988	8.2%	2007	10.2%
1932	8.8%	1951	-0.3%	1970	16.8%	1989	17.7%	2008	20.1%
1933	1.9%	1952	2.3%	1971	9.8%	1990	6.2%	2009	-11.1%
1934	8.0%	1953	4.1%	1972	2.8%	1991	15.0%	2010	8.5%
1935	4.5%	1954	3.3%	1973	3.7%	1992	9.4%	2011	16.0%
1936	5.0%	1955	-1.3%	1974	2.0%	1993	14.2%	2012	3.0%
1937	1.4%	1956	-2.3%	1975	3.6%	1994	-8.0%	2013	-9.1%
1938	4.2%	1957	6.8%	1976	16.0%	1995	23.5%	2014	10.7%
1939	4.4%	1958	-2.1%	1977	1.3%	1996	1.4%	2015	1.3%
1940	5.4%	1959	-2.6%	1978	-0.8%	1997	9.9%	2016	0.7%
1941	-2.0%	1960	11.6%	1979	0.7%	1998	14.9%	2017	2.8%
1942	2.3%	1961	2.1%	1980	-3.0%	1999	-8.3%	2018	0.0%
1943	2.5%	1962	5.7%	1981	8.2%	2000	16.7%	2019	9.6%
1944	2.6%	1963	1.7%	1982	32.8%	2001	5.6%	2020	11.3%
1945	3.8%	1964	3.7%	1983	3.2%	2002	15.1%	2021	-4.4%
1946	3.1%	1965	0.7%	1984	13.7%	2003	0.4%	2022*	-15.9%

COMPOUND *As of 9/23/22 @CharlieBilello

Investment Grade Corporate bonds are down -16.8%, their worst year ever by a wide margin:

US Investment Grade Corporate Bonds
(Total Returns, 1973 - 2022)

Year	Return	Year	Return	Year	Return
1973	2.0%	1990	7.4%	2007	4.6%
1974	-4.7%	1991	18.2%	2008	-6.8%
1975	15.7%	1992	9.1%	2009	19.8%
1976	18.8%	1993	12.4%	2010	9.5%
1977	3.8%	1994	-3.3%	2011	7.5%
1978	0.3%	1995	21.6%	2012	10.4%
1979	-2.2%	1996	3.4%	2013	-1.5%
1980	0.5%	1997	10.4%	2014	7.5%
1981	2.3%	1998	8.7%	2015	-0.6%
1982	35.5%	1999	-1.9%	2016	6.0%
1983	9.3%	2000	9.1%	2017	6.5%
1984	16.2%	2001	10.7%	2018	-2.2%
1985	25.4%	2002	10.2%	2019	14.2%
1986	16.3%	2003	8.3%	2020	9.8%
1987	1.8%	2004	5.4%	2021	-1.0%
1988	9.8%	2005	2.0%	2022 YTD	-16.8%
1989	14.1%	2006	4.4%		

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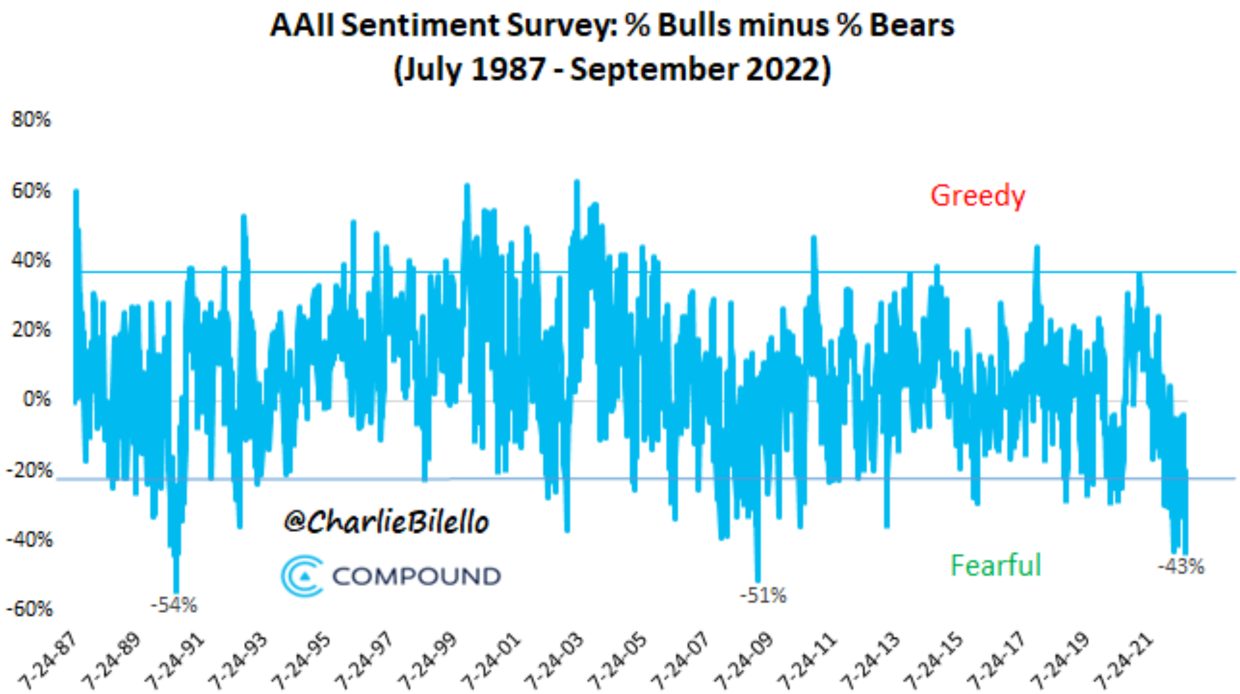
* Investor sentiment has followed stock prices lower. According to a number of surveys, pessimism now stands at the same level of March, 2009. As seen below, bears outnumbered bulls by 43% in last week's AAI Sentiment Survey:



Bottom Line

While we fully recognize the policy mistakes that have been made and the economic and market challenges that lie ahead - we see economic buffers (moderating inflation, a strong jobs market, excess savings, a cushion of unrealized equity/home gains and high (inflation-aided) nominal economic growth), a strong banking system and the absence of levered and debt heavy sectors (e.g., in mortgage and finance) that were present in previous economic downturns.

It is our central view that much has or is in the process of being discounted in sharply lower stock prices.

History teaches us that investment opportunities emerge out of instability, bad news and excessively bearish investor sentiment. Fear, panic and lower stock prices are the allies of the rational and opportunistic investor.

In our view, we are now getting the chance to buy great companies at good prices.

Stock prices are not yet low enough for us to say that we are getting the ability of buying great companies at great prices.

We fully recognize that stock prices could continue their skein lower over the short term - particularly given rising interest rates, economic and profit concerns and the risks associated with market structure. (Stock market bottoms are often "*events"* while stock market tops are often "*processes.")*

As a consequence, our net long exposure remains low (at about 30%) and our cash position remains high.

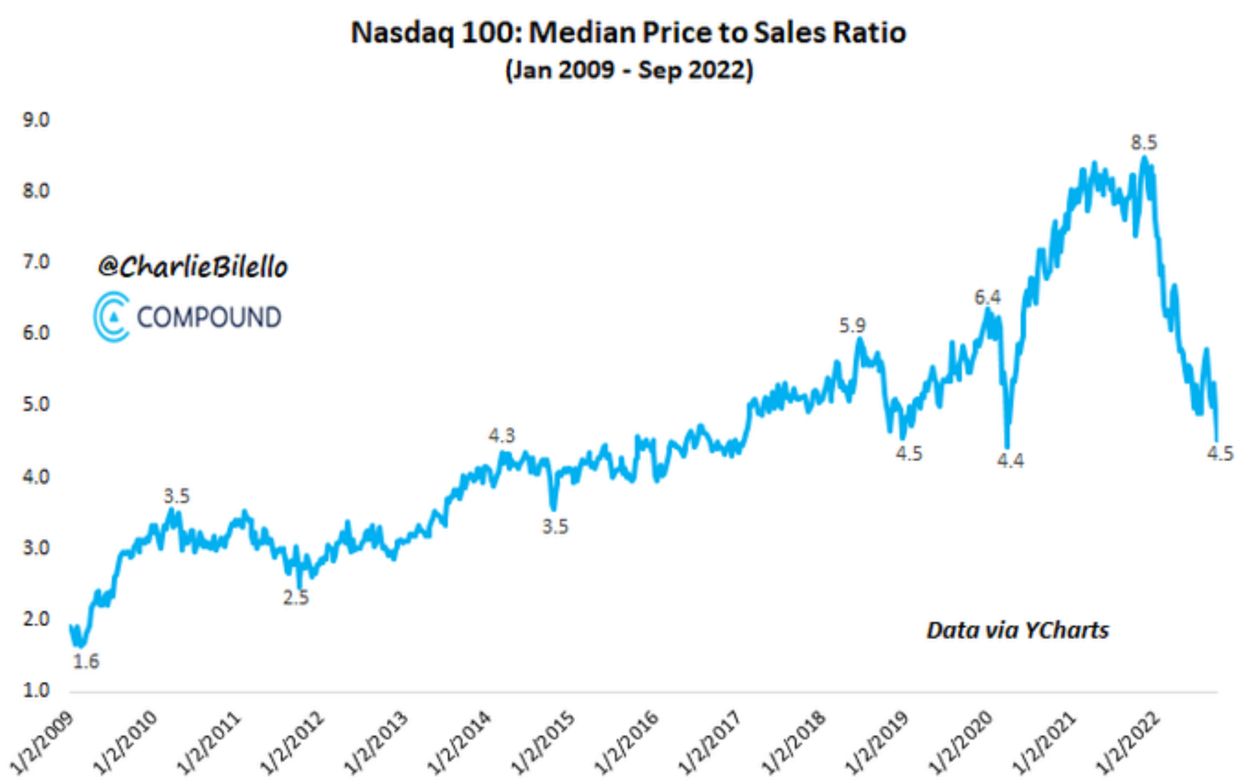
I tend to write in practical terms about the markets - forsaking the hyperbola we often view in the business media. But, at current prices, we really like what we own. I would even go out on the limb and say that some of our industry and specific, individual equity holdings now have the potential to more than double in the coming years (with relatively limited risk).

Representative long holdings include Bank of America, Citigroup, Delta Airlines, Hilton, Wells Fargo, PNC, Green Thumb Industries, Trulieve Cannabis, The Walt Disney Company, Green Brick Partners and Fibrogen.

Representative short holdings include Carvana, Berkeley Lights, RobinHood, Royal Caribbean Cruises, Carnival Corporation, F45 Training and Digital World Acquisition.

We have been patiently waiting for an opportunity to expand our net long exposure.

After having virtually zero long exposure in technology throughout most of 2022 we have recently built up a relatively small position (of slightly less than five percent) in Microsoft, Amazon and Alphabet. As noted below, the median price to sales ratio of the Nasdaq 100 has almost halved (from 8.5x to less than 4.5x) - its lowest level since the Covid lows in 2020:



Our large cash position puts us well positioned for the resurfacing of value.

The goal of our monthly commentary to our Limited Partners isn't to land on the same page of the consensus. The nods and smiles of "*Group Stink"* may stroke one's ego but it closes the mind. Thoughtful and hard-hitting analysis is our destination.

In summary, we continue to manage Seabreeze's assets based on a realistic view of (market, industry and individual equity) upside reward v. downside risk, with an objective distribution of possible outcomes, a realistic assessment of economic/market expectations and with a keen sense of risk management and discipline.

Back to Santayana:

"(To some) sanity is a madness, (we plan to) put our sanity (and analysis) to good uses."

As always thanks for your expression of confidence that is reflected in your investment in Seabreeze Capital Partners LP.

Best Regards,

Douglas A. Kass