



April 20, 2026

Q1 2026 INVESTOR UPDATE

Thematic narratives often drive markets. When those narratives result in wide disconnects between market prices and the intrinsic value of a business or debt security, we find ourselves in the type of target rich environment upon which we can build years of future returns. Such is the opportunity set today.

One example is the thematic narrative around private credit. While the inherent risks in private credit are real, in Apollo, investors enjoy the leadership of CEO Mark Rowan, the luxury of permanent capital, and an experienced team who came *early* to the private credit party. The Apollos, Blackstones, and Brookfields of the world— businesses with outstanding leadership and positioning – may very well find themselves to be beneficiaries of any fallout that may occur, much like JP Morgan and Jamie Dimon became beneficiaries of the financial crisis when they accumulated assets at discounted prices and outperformed the S&P500 by 300 basis points annually over the ensuing 18 years.

The current private credit theme gained enough momentum in Q1 that even *municipal bonds* backed by a senior pledge of Apollo’s insurance subsidiary Athene, dropped an unusual 8 ½ % with little apparent justification. Our mission is to act aggressively when these discrepancies appear.

Fixed Income

Seabird is pleased to report a very productive Q1 in our **MuniPlus** strategy. Assets under management grew to over \$350 million while composite performance outpaced our benchmark by 87 bps. Partially due to the dynamic discussed above, our team was able to deploy \$40M in capital without compromising our internally targeted yield boogies or our rigorous standards on portfolio duration risk. Of course, we took advantage of the chance to increase our position in the aforementioned Apollo/Athene backed debt. At quarter end, our projected portfolio yield sat at about 4.8%, offering almost 1.5% in incremental yield over 10-year single A munis. And although the quarterly performance is further proof of our strategy and execution, we would advise investors to keep an eye on the forward return much the way we do.

Performing Credit kicked out cash at an annualized rate of 6% in Q1 (while slightly underperforming its taxable fixed income benchmark). Industrywide, the quarter was marked by the shockwave in private credit, as investors seemed to suddenly discover the risks inherent in the structure: illiquidity, the questionable pricing of loans, and opaque counterparty risk. Bloomberg’s Private Credit Index is now reporting *negative* annualized 5-year returns for the private credit sector as a whole. The pervasive theme

of equally bearish sentiment toward anyone engaged in private lending provided an entry point for us in Blackstone's *publicly traded* Secured Lending strategy, attracted by their pool of permanent capital, top-notch management team, and markedly discounted stock price. Seabird continues to position Performing Credit as an alternative to privately offered alternatives, 100% composed of liquid, publicly traded securities. With no negative credit developments in Q1, Performing Credit portfolios are positioned for strong future returns.

Value Equity

We clearly shifted to offense in **Value Equity** in Q1, taking several new positions in attractive businesses:

We took a position in Norwegian Cruise Lines (NCLH), a high-quality operator with two luxury brands on top of its flagship line. More than 30 million people take cruises every year, close to 3 million of them on Norwegian ships. The barriers to entry in the shipping industry are significant with ship production typically taking three to five years from order to delivery. We have confidence that an accomplished activist investor, alongside the former CEO of Royal Caribbean, is reshaping the board to restore financial discipline. At today's significant discount to intrinsic value, even modest execution creates the potential for dramatic returns.

We also bought shares in GCI Liberty. GCI serves over 150,000 broadband households and more than 200,000 wireless connections across Alaska while reaching 97% of the Alaskan population. GCI enjoys a durable competitive position in a market where infrastructure constraints create high barriers to entry. An under-the-radar spinoff in a region of limited organic growth may explain its availability at a substantial discount to fair value.

Lastly, we re-acquired shares of Fiserv during a period of peak investor negativity. While many of you may be familiar with only their Clover point-of-sale system, Fiserv generates some \$4 trillion of payment flows through its core banking technology. We know the asset well, having owned it in the past, and believe missteps under prior management have resulted in an overly pessimistic perception of underlying earnings power.

While our new assets are promising, our best returns may well come from the ones we already own. Whether it's the thematic narrative around private credit or the one foretelling the demise of software, we feel thematic pendulums have swung too far and – the timing notwithstanding - these securities have become priced for generous returns.

-Arch Peregoff

-Joe Di Scala, CFA