SEABIRD
INVESTMENT PARTNERS

July 21, 2026

Q2 2026 INVESTOR UPDATE

Seabird's flagship **MuniPlus** strategy produced solid returns over the first 6 months of 2026. Net return for the 6-month period of 3% represented a 93 basis point improvement over The S&P Municipal Bond Index and, in accordance with our mindset of prioritizing distributable income rather than relying on capital appreciation to deliver total return, 65% of MuniPlus returns were delivered to investors in cash payments of interest and dividends. Three-year trailing performance at quarter end – a performance indicator which better eliminates short-term noise – rang in at an annualized rate of 6.16% against the 3.90% return of the S&P Municipal bond index. Our *forward* projection of distributable income dropped about 15 basis points from the 4.8% we reported in April but still compares favorably to the 3.37% yield on 10-year single A rated municipal bonds.

Performing Credit also had a good 6 months, delivering a net return of 3.18%, 256 basis points better than the Bloomberg Aggregate Index. Interest and dividends accounted for over 80% of the net return to investors - again prioritizing tangible returns over unrealized gains. Here, three year annualized gross returns rang in at 9.79%, delivering a net *annualized* premium of over 550 basis points to the index. We're excited about our current positioning in Performing Credit for a variety of reasons: First, the current yield (6.18%) represents an attractive premium to the 10-year treasury (4.47%). Second, the average discount to par of about 6 points is likely to be captured over the 3 year life of our bonds, and third, our balance between high quality floating rate securities and slightly longer dated debt, leaves us in a position to benefit in either a rising or falling interest rate environment.

Value Equity was relatively flat in Q2 while still delivering a net negative return of (10.4%) over the first half. Rather than a cause for concern, the persistent market discount being ascribed to our portfolio makes us decidedly bullish on our prospects. In the same way low bond prices translate mathematically into higher projected future returns, so it is with equities - even if the math may seem quite a bit more ephemeral. It's a rarity when *higher* prices lead to *higher* returns. We would also caution that the one-way flow of institutional, retail, and at this point, recreational capital into an ever-narrowing group of tech stocks, with little regard to how that capital investment will ultimately be monetized, is likely to end very badly for many. If history may be a guide, the fortitude to stick with a proven valuation-driven process is likely to be rewarded generously over time.

-*Arch Peregoff*

-*Joe Di Scala,CFA*