The Antipodes Global Credit Opportunities Fund ("GCOF") returned -0.8% for the 3 months, ending 31 March 2026. GCOF paid a 1.5 cents per unit distribution in the quarter and is targeting a 6.0 cents per unit distribution for the 2025/2026 financial year.

The quarter saw the beginning of the "SaaSpocalypse", the first signs of an unwind in private credit, and the return of geopolitical uncertainty via the Iranian conflict. It has been a timely reminder about event risk, fragility, and the need for contrarianism and discipline as investors. All three themes have been quietly brewing for an extended period and have very broad, multi-year, implications. The global economy remains deeply connected, with technology, energy, and private financing at its centre. These issues will take years to work through even though corporate and political decision making is increasingly short term, and markets even more so.

Whilst we have positioned the portfolio in a mix of high-quality names that play defensively against these themes and names where we believe the market reaction has been excessive relative to fundamentals, credit markets have been selling first and asking questions later. Despite a modest decline in the quarter, our conviction in what we hold remains strong. Periods of dislocation like these have historically been the most crucial in generating outstanding returns for our strategy – remaining level-headed whilst others panic has consistently been rewarded. We do not expect to time entry but believe many of our recent additions will prove-highly accretive over the medium term.

Going forward, we expect increased volatility, in both directions, across all risk assets. The Israeli/US declaration of war against Iran was a material surprise. The market had grown accustomed to a continuous localised conflict in the region and did not expect the rapid escalation that came with US involvement. We have been rudely reminded that that so much of our economic system is reliant on the proper functioning on a series of fragile bottlenecks – whether it be the Strait of Hormuz, or the centralisation of global chemical and refining capacity. Reopening of the strait is vital for the global growth and inflation outlook and it pays to be cautious. Importantly, energy is a large component of US High Yield and many high yield energy issuers have now entered a period of "excess profits" and rapid deleveraging should oil prices remain high. We see this as a defensive way to position the portfolio if the conflict is prolonged.

Last quarter we commented on the "two-speed" nature of capital allocation into technology. We continue to expect over-reactions to perceived AI threats and excessive excitement about early-stage technology to be a consistent feature of markets over the next few years. Obsolescence risk is real, but we do we expect considerable efficiencies can be extracted by many of the incumbents. Meanwhile, in the AI infrastructure space, Investment grade credit currently has a "gold rush" mentality as investors rush to finance data-centre build outs, with capital expenditure for the six largest data centre providers expected to exceed US$3 trillion from 2026 to 2030. We suspect there will be some misallocation of capital here, give the substantial amount of capital being deployed and the wide range of potential outcomes. There are opportunities on both sides, but there is a need for deep knowledge and extreme selectivity.

We have written about the risks in private markets for an extended period, in particular the lack of transparency, deterioration of underwriting standards and pricing. The average US private credit borrower is smaller, more levered, and has lower interest coverage than their High Yield market peers. Whilst much has been written about the problems in software, we think the broader lessons are about underwriting quality, industry concentration, leverage, and liquidity mismatches. Private credit is not marked to market and hence volatility is not absent, it is deferred.

We have also been closely watching the overall level of valuations in longer-dated fixed-rate bonds. The “term premia”, or the amount of incremental yield investors receive for holding longer-dated bonds, has been steadily increasing. In inflationary environments, government bonds are less reliable stabiliser and using government bonds as a defensive short-term buffer to equities (the “60/40” portfolio”) many not be as effective as in the past. That said, we think this presents an opportunity in higher quality, longer-dated, corporate bonds - corporate cash flows are more predictable than government deficits and the outlook for inflation. Many high-quality corporate bonds now have yields to maturity that are in-line, or higher, than their earnings yields (i.e. the equity investor’s E/P implied by the P/E) despite being senior in the capital structure. This is presenting compelling risk-adjusted opportunities that we have been selectively adding duration to the portfolio.

Taken together, the portfolio is positioned around four broad themes: defensive exposure to a prolonged Iran scenario, selective software credits where we have differentiated diligence, explicit avoidance of the riskier private-adjacent segments, and added duration in higher-quality longer-dated corporates.

We continue to consider total yields attractive in liquid credit markets, even though credit spreads (the excess return over the risk-free rate) are narrower than what we believe is warranted by fundamentals. As per last quarter we remain focused on dislocated higher quality credit investments and are avoiding chasing yield in the riskier segments of the credit markets.

As always, we are grateful for your support and welcome any questions.

Daniel Saldanha
Portfolio Manager – Head of Credit

Further information

1300 010 311

invest@antipodes.com

Australia Head Office
Antipodes Partners Limited
Level 25, Australia Square Tower
264 George St
Sydney NSW 2000
Australia

UK Office
Antipodes Partners (UK) Limited
Suite 823, 125 Old Broad Street London
EC2N 1AR United Kingdom