

### Fund Facts – 30 April 2026

|                                       |                 |                             |                                     |
|---------------------------------------|-----------------|-----------------------------|-------------------------------------|
| <b>CXA Ticker</b>                     | XKAP            |                             |                                     |
| <b>Fund Inception Date</b>            | 10 October 2019 | <b>Fund Size</b>            | \$31.2 million                      |
| <b>Underlying Fund Inception Date</b> | 31 March 2007   | <b>Underlying Fund Size</b> | \$2.5 billion                       |
| <b>Distribution Frequency</b>         | Quarterly       | <b>Unit Registry</b>        | MUFG Corporate Markets (AU) Limited |
| <b>Management Fee</b>                 | 0.55% p.a.      | <b>Fund Issuer</b>          | Fidante Partners Limited            |

### Fund Overview

The Kapstream Absolute Return Income Active ETF aims to deliver an alternative approach to fixed income. It provides access to global fixed income markets, in order to facilitate a steady income stream with capital stability across economic cycles.

Kapstream adheres to an active and less traditional approach to fixed interest management, one that blends top down macroeconomic outputs with bottom-up security selection. Unlike more mainstream competitors, it is not subject to the same benchmark relative constraints, providing the investment team with greater scope to incorporate best trade ideas and position the portfolio in response to varying market conditions.

### Suits Investors Seeking

- Stable income across market cycles.
- Potentially higher levels of returns compared to cash.
- Low to moderate volatility.
- A diversified portfolio that can complement other asset classes.

### Monthly Performance Report – 30 April 2026

| <b>Fund Performance<sup>1, 2</sup></b> | <b>1 month</b> | <b>3 months</b> | <b>CYTD</b> | <b>1 year</b> | <b>3 years</b> | <b>5 years</b> | <b>Since inception<sup>3</sup></b> |
|----------------------------------------|----------------|-----------------|-------------|---------------|----------------|----------------|------------------------------------|
| Fund                                   | 0.58           | 0.59            | 1.18        | 5.70          | 5.95           | 3.78           | 3.70                               |
| RBA Cash Rate                          | 0.33           | 0.96            | 1.25        | 3.77          | 4.09           | 2.93           | 2.31                               |
| Excess Return                          | 0.25           | -0.37           | -0.07       | 1.93          | 1.86           | 0.85           | 1.39                               |

1 Performance figures are based on the Fund's net asset value, are calculated after fees have been deducted and assume distributions have been reinvested. No allowance is made for tax when calculating these figures. Past performance is not a reliable indicator of likely future performance. All periods longer than 1 year are annualised.

2 The performance of the Fund will not exactly replicate that of the Underlying Fund, for example, where cash is held by the Fund.

3 The Fund's inception date is 10 October 2019.

**Source: Fidante Partners Limited, 30 April 2026.**

### Underlying Fund

The Fund invests in Kapstream Absolute Return Income Fund (Underlying Fund). In this report, where we refer to the Fund's investments we generally do so on a 'look-through' basis; that is, we are referring to the underlying assets that the Fund is exposed to through its investment in the Underlying Fund.

| <b>Underlying Fund Performance<sup>4</sup></b> | <b>1 month</b> | <b>3 months</b> | <b>CYTD</b> | <b>1 year</b> | <b>3 years</b> | <b>5 years</b> | <b>Since inception<sup>5</sup></b> |
|------------------------------------------------|----------------|-----------------|-------------|---------------|----------------|----------------|------------------------------------|
| Underlying Fund                                | 0.58           | 0.59            | 1.18        | 5.70          | 5.98           | 3.80           | 4.18                               |
| RBA Cash Rate <sup>6</sup>                     | 0.33           | 0.96            | 1.26        | 3.77          | 4.09           | 2.93           | 2.88                               |
| Excess Return                                  | 0.25           | -0.38           | -0.08       | 1.93          | 1.89           | 0.87           | 1.30                               |

4 Performance figures are calculated after fees have been deducted, assume distributions have been reinvested, and include the impact of sell spreads. No allowance is made for tax when calculating these figures. Past performance is not a reliable indicator of likely future performance. All periods longer than 1 year are annualised.

5 The Underlying Fund's inception date is 31 March 2007.

6 From 1 February 2014 to 30 October 2019, the Fund's benchmark was a composite benchmark comprising 50% Bloomberg Ausbond 0-3 Yr Index & 50% Bloomberg Ausbond Bank Bill Index. Prior to 1 February 2014, the Fund's benchmark was the RBA Cash Rate.

**Source: Fidante Partners Limited, 30 April 2026.**

### Fund Benefits

#### Unconstrained approach

Investing wherever the best risk adjusted opportunities can be found by Kapstream irrespective of the benchmark index.

#### Conservative risk focus

Priority is given to actively managing the Fund's investment risks within limits.

#### Flexibility

Able to meaningfully shift exposure to different geographies, sectors and fixed income categories to meet its return and risk objectives.

#### Capital stability

Conservatively managed, the Fund is well suited to investors looking for potentially higher levels of returns compared to cash with low to moderate volatility.

#### Income stream

Investing predominantly in high quality bonds provides the potential for a stable quarterly income stream.

#### Diversification

A flexible, unconstrained approach results in a diversified portfolio that can be complementary to other asset classes.

### Fund Risks

The Fund is exposed to a number of risks including interest rate risk, market risk, and collateral risk. Please refer to the Product Disclosure Statement for more information.

### Underlying Fund Guidelines

| Target Return  | Target Volatility | Duration Limits | Credit Quality        |
|----------------|-------------------|-----------------|-----------------------|
| Cash plus 2-3% | <1.5% annualised  | -2 to +2 years  | >85% investment grade |

### Underlying Fund Statistics

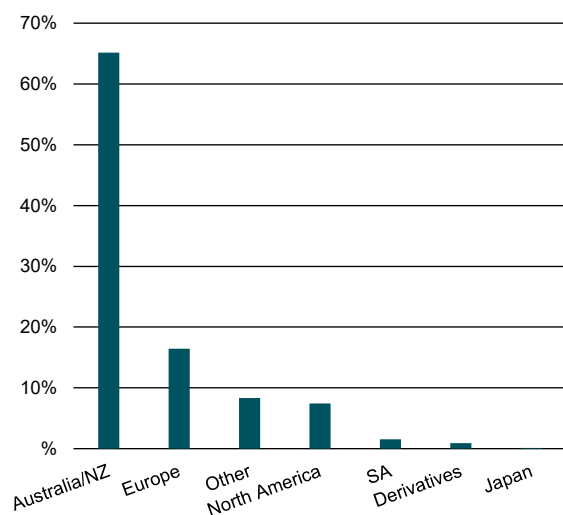
| Interest Rate Duration | Credit Spread Duration | Average Credit Rating | Number of Issuers | Yield to Maturity |
|------------------------|------------------------|-----------------------|-------------------|-------------------|
| 0.67yrs                | 1.92yrs                | A-                    | 82                | 5.90%             |

### Quarterly Distribution Returns History (%)<sup>7</sup>

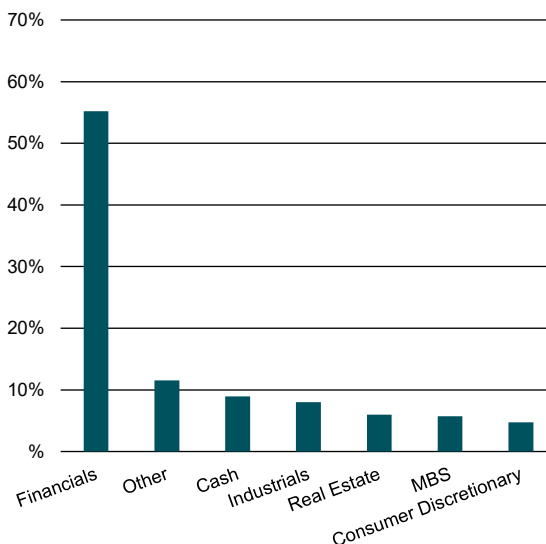
| Year | Mar   | Jun   | Sep   | Dec   | FYTD <sup>8</sup> |
|------|-------|-------|-------|-------|-------------------|
| 2026 | 0.94% |       |       |       |                   |
| 2025 | 1.46% | 2.20% | 0.88% | 0.98% | 5.82%             |
| 2024 | 1.07% | 1.07% | 1.01% | 0.93% | 4.34%             |
| 2023 | 0.76% | 0.74% | 0.95% | 1.08% | 2.95%             |
| 2022 | 0.42% | 1.25% | 0.68% | 0.73% | 2.27%             |
| 2021 | 0.23% | 2.27% | 0.44% | 0.20% | 3.21%             |
| 2020 | 1.86% | 0.38% | 0.35% | 0.34% | 2.78%             |
| 2019 | 0.00% | 0.00% | 0.00% | 0.49% | 0.00%             |

Source: Fidante Partners. Past distributions are no indication of future distributions. 7) Calculated as the cents per unit (CPU) distribution at quarter end divided by the ex-distribution unit price at the start of the quarter. 8) Annual distribution return (Financial -Year-to-Date) is calculated as the Total Return (after fees) minus Growth Return. Total Return (after fees) is calculated using pre-distribution quarter end withdrawal unit price, and assumes distributions are reinvested. Growth Return equals the percentage change in unit price.

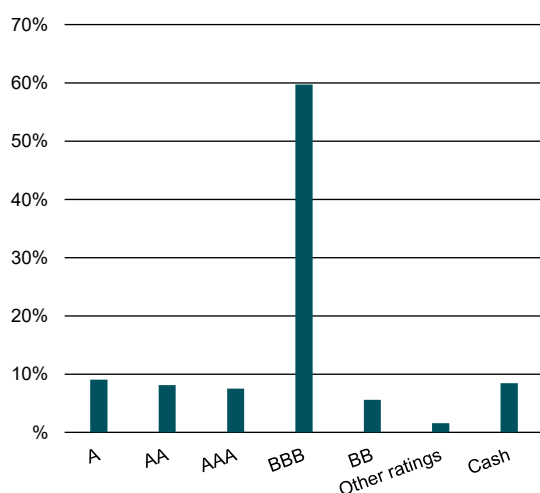
### Geographic Allocation



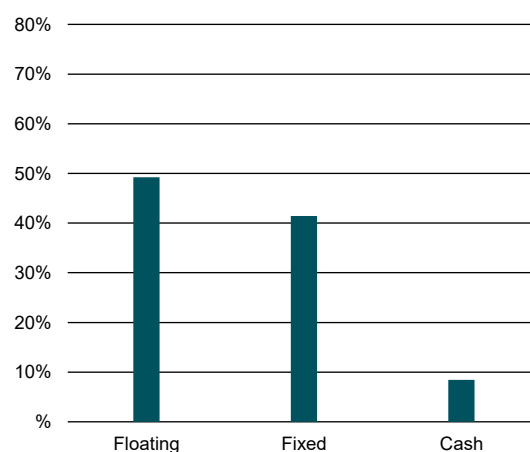
### Sector Allocation



### Credit Rating\*



### Interest Type



\*of which 7.2% of Investment Grade and 0.9% of High Yield were internally rated

\* Kapstream's flagship and plus funds have placed in the top quartile of various consultant return universe over the past 1, 3 and 5 years as at June 2024 including Mercer and Zenith, whilst being ranked in the bottom quartile for volatility.

\*\* Kapstream has calculated the monthly return correlation with the Australian based indices used in APRA's annual performance test for the Australian superannuation industry and analysed 1yr, 3yr and 5yrs of the Australian indices.

## Monthly Commentary

### Performance Commentary

The fund returned 0.58% net of fees in April, taking 12-month net performance to 5.70%. This marked a solid rebound following the first negative month in over three years and outperformed the cash benchmark return of 33bps. Improved risk sentiment supported returns, despite no resolution to the conflict in Iran or reopening of the Strait of Hormuz. Equity markets moved to fresh highs, while US credit spreads reversed their March widening and more. Australian credit lagged, with the Bloomberg AusBond 0+ Credit index spread to swap narrowing only modestly and not yet returning to its February levels. Bond markets failed to participate in the reversal and extended March's losses, as oil closed the month at new recent highs and the possibility of second round impacts increased. At the portfolio level, the strong spread compression of 14bps to 125bps outpaced the modest rise in Australian bond yields, with the yield to maturity falling 8bps to a still solid 5.90% as at month end.

### Market Commentary

Financial markets remained focused on geopolitical developments in Iran, with no clear resolution or escalation. However, financial markets illustrated seemingly different interpretations across asset classes. Risk markets took a benign view, reversing March's fall in April with a 10.4% rise and hitting fresh record highs intra-month. Credit spreads followed suit and narrowed in April, but to varying degrees. US credit spreads tightened to below their pre-war levels, in line with equities, but Australian credit spreads lagged the move and recovered only around half of the widening seen in March. Risk markets have arguably moved on, once the US President looked for an exit, refocusing on the potential positive impact from investments in artificial intelligence (AI) on productivity and earnings.

Rates markets took a far less benign view to the Strait of Hormuz being closed, with oil prices hitting new highs since the conflict began and yields rising further. Brent crude oil futures closed the month at US\$110.40/bbl, a further 10% increase on the back of the near doubling that occurred in March. The inflation impacts and potential central bank response saw bond yields rise in response. US 2-year bond yields were up 8bps in the month to 3.87%, with even larger increases in the month seen in Australia (11bps for the 3-year bond yields), Canada (13bps for 2-year bond yields) and New Zealand (14bps for 2-year bond yields). This left yield curves flatter in several jurisdictions, consistent with a market that was reducing the probability of near-term easing/pricing in of hikes while still questioning the medium-term growth outlook. It is clear that rates markets are not treating the inflationary impact as temporary, with monetary policy higher than what would have been the case as a result.

### Portfolio Strategy

We continue to remain defensive in our positioning, in response to the realisation of geopolitical risks and related jump in volatility. Spread duration and rates duration remains on the lighter side accordingly.

Spread duration was reduced over April, from 2.17 years to a low of 1.92 years as we bought 7.5% CDX protection at tight levels whilst we continued to buy attractive new primary issuance to capture the wider spreads on new issues.

In the short term, we believe that equity and credit markets are not fully pricing in the full range of risks of a prolonged supply shock from the war in Iran reducing the global supply of oil, gas, fertilisers and helium. However, this is tempered by a medium-term view that any more material sell-offs are likely a buying opportunity given the continued US support from lower taxes, deregulation, corporate investment as well as the government remaining incentivised to maintain optimism through to the November midterms.

The credit exposure is skewed towards Australian credit because of additional yield, and it tends to behave as lower beta in a sell-off. In terms of asset allocation, the underlying portfolio can be split across three major 'buckets'; financials (~55%), corporates and REITs (~24%), and asset and mortgage-backed securities (<15%), with the residual in cash and liquids, noting some financials are considered very liquid. Close to ~65% of the underlying portfolio is held in Australian & New Zealand names, and by currency <6% is held in non-AUD denominated securities.

Liquidity remains strong with 'Level 1' liquidity at ~16% (cash, commercial paper, SSGA - Sovereign, Supranational Government and Agency) and 'Level 2' liquidity at ~15% (<1yr investment grade paper).

Rates duration was reduced slightly as the rise in yields continued. There was a modest fall of 0.1 years to 0.7 years as at the end April, keeping duration well below the historical average of around one year. Duration has therefore been a notable drag in absolute terms on performance, even if this has been mitigated somewhat by our defensive stance. This partly reflects that the possibility of a risk off led rally remains real, something which has been absent to date as risk markets have recovered. The possibility of further escalation or spreading of the conflict, combined with the demand destructive elements of higher energy costs and the potential for AI expectations to over-extend all remain risks that see us want to retain some duration, should the more negative outcomes eventuate. In terms of regions, we continue to heavily favour the US, which has the greatest chance of the developed markets for the next move in rates to still be down. Our exposures to the UK have reduced further accordingly, where the greater reliance on energy and therefore higher prospect of second round impacts weighs heavily on our long exposures.

## Outlook

The key risk looking forward remains the war in Iran, in particular its duration. The longer the Strait of Hormuz remains closed, the greater the impact on inflation and the chance of second round impacts. Central banks have made it clear that these second-round impacts will not be tolerated and will prompt a monetary policy response. The increased energy costs acting as a 'tax' on consumption is not yet evident, but it may simply be too early for this to show. As a result, the jury remains out on if the risk markets or rates markets response to the conflict was the more accurate. There remains the possibility that both responses are correct. Namely if we do see a delay to US rate cuts and hikes elsewhere then the rise in yields was valid, but at the same time if the AI rollout is sufficient to keep the economy and earnings supported then the rebound in risk sentiment could also have been appropriate.

The impact of the conflict on fixed income and underlying portfolio construction is also yet to play out in full. The higher yield that fixed income exhibits is one clear outcome, so much so that it presents a viable alternative to equities that are perhaps expensive and optimistically pricing in the benefits of AI. The positive correlation between rates and risk markets, seen more in March than April, has also drawn into question the value proposition that traditional long duration fixed income funds play in a broader portfolio context, particularly during supply shocks which have been of increasing frequency this decade. We continue to see benefits in higher yielding income focused portfolios such as those that Kapstream runs, where the lower duration built into the funds means the consistency of returns is less impacted by the greater volatility the market has exhibited of late.

## CONTACT US

For further information, please contact 1300 721 637 (within Australia) and 02 8023 5428 (outside of Australia) or Email: [info@fidante.com.au](mailto:info@fidante.com.au)

For investor enquiries, please contact Link Market Services: 1800 441 104, Email: [fidante@linkmarketservices.com.au](mailto:fidante@linkmarketservices.com.au)

For financial planner enquiries, please contact your local Business Development Manager or Email: [bdm@fidante.com.au](mailto:bdm@fidante.com.au)

**[www.fidante.com.au](http://www.fidante.com.au)**

This material has been prepared by Kapstream Capital Pty Ltd (ABN 19 122 076 117 AFSL 508870 (Kapstream), the investment manager of Kapstream Absolute Return Income Fund (Fund) and the Kapstream Absolute Return Income Active ETF (Funds). Fidante Partners Limited ABN 94 002 835 592 AFSL 234668 (Fidante) is a member of the Challenger Limited group of companies (**Challenger Group**) and is the responsible entity of the Fund. Other than information which is identified as sourced from Fidante in relation to the Fund, Fidante is not responsible for the information in this material, including any statements of opinion. It is general information only and is not intended to provide you with financial advice or take into account your objectives, financial situation or needs. You should consider, with a financial adviser, whether the information is suitable to your circumstances. The Fund's Target Market Determination and Product Disclosure Statement (PDS) available at [www.fidante.com](http://www.fidante.com) should be considered before making a decision about whether to buy or hold units in the Fund. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. Past performance is not a reliable indicator of future performance. Kapstream and Fidante have entered into arrangements in connection with the distribution and administration of financial products to which this material relates. In connection with those arrangements, Kapstream and Fidante may receive remuneration or other benefits in respect of financial services provided by the parties. Investments in the Fund are subject to investment risk, including possible delays in repayment and loss of income or principal invested. Accordingly, the performance, the repayment of capital or any particular rate of return on your investments are not guaranteed by any member of the Challenger Group.