Kapstream
—JANUS HENDERSON—

Kapstream Absolute Return Income Active ETF (CXA:XKAP)
Monthly Report

September 2026

Fund Objective

The Fund aims to provide a steady stream of income and capital stability over the medium term while aiming to outperform its benchmark through market cycles.

Fund Application

Investors seeking to enhance their overall fixed income returns with a higher yielding, predominantly investment grade, absolute return-oriented global fixed income portfolio.

Performance as at 30 September 2026

PERFORMANCE (%) [1, 2]	1M	3M	6M	CYTD	1Y	3Y	5Y	SI[3]
Fund Return	0.08	0.87	2.41	3.03	4.45	5.94	4.09	3.75
RBA Cash Rate	0.35	1.08	2.13	3.07	4.00	4.13	3.29	2.43
Excess return	-0.27	-0.21	0.28	-0.05	0.45	1.81	0.80	1.31

Past performance is no guarantee of future results. Source: Fidante Partners Limited, 30 September 2026.
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.

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.

PERFORMANCE (%)[4]	1M	3M	6M	CYTD	1Y	3Y	5Y	SI[5]
Underlying Fund	0.08	0.87	2.41	3.02	4.44	5.97	4.11	4.19
RBA Cash Rate[6]	0.35	1.08	2.13	3.08	4.00	4.13	3.29	2.91
Excess return	-0.27	-0.21	0.28	-0.06	0.44	1.83	0.82	1.28

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 September 2026.

FUND DETAILS

CXA Ticker	XKAP
Inception date	10 October 2019
Underlying Fund Inception Date	31 March 2007
Fund size	AUD 33.1m
Underlying Fund Size	AUD 2,707m
Management fee	0.55% p.a.
Distribution Frequency	Quarterly
Fund Issuer	Fidante Partners Limited
Unit Registry	MUFG Corporate Markets (AU) Limited

UNDERLYING FUND GUIDELINES

Target return	Cash plus 2-3%
Target volatility	<1.5% annualised
Duration limit	-2 to +2 yrs
Credit quality	>85% investment grade

UNDERLYING FUND STATISTICS

Interest rate duration	0.42 yrs
Credit spread duration	2.43 yrs
Yield to maturity	6.33%
Average credit rating	A-
Number of Issuers	80

PLATFORMS

AMP North
Netwealth
HUB24
Macquarie Wrap
Clearstream/Ausmaq

PORTFOLIO MANAGERS



Daniel Siluk



Dylan Bourke

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Quarterly Distribution Returns History (%)[7]

	MAR	JUN	SEP	DEC	CYTD[8]
2026	0.94%	2.04%	0.92%		
2025	1.46%	2.20%	0.88%	0.98%	5.27%
2024	1.07%	1.07%	1.01%	0.93%	4.26%
2023	0.76%	0.74%	0.95%	1.08%	3.66%
2022	0.42%	1.25%	0.68%	0.73%	3.03%
2021	0.23%	2.27%	0.44%	0.20%	3.11%
2020	1.86%	0.38%	0.35%	0.34%	3.02%
2019	0.00%	0.00%	0.00%	0.49%	0.49%

Source: Fidante Partners. Source: Fidante Partners.
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.

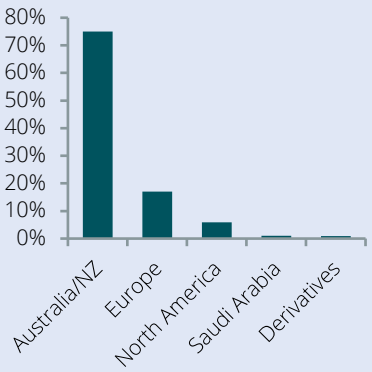
Performance and Market Commentary

The fund returned 0.08% net of fees in September, taking 12-month net performance to 4.45%. This was below the RBA Cash Rate benchmark return of 0.35% for the month, although the fund remains ahead of the 12-month benchmark return of 4.00%. September was illustrative of the fund's resilience. A sharp, broad-based rise in global yields, led by the US, produced one of the more hostile months for bond markets this year, yet the fund still delivered a positive return. Carry (the coupon income you receive for holding credit fixed income securities in particular) was again the largest contributor, consistent with the fund's design as an income-focused strategy, and it was enough to absorb the drag from duration that occurred even as we moved to cut duration through the month. Credit spreads detracted only modestly, with physical credit drifting slightly wider as risk sentiment softened under the weight of higher rates. Although rising yields weighed on performance, with the impact reduced by our lighter positioning, the increase in yield to maturity to 6.33% in September, up 35bps, is expected to enhance the underlying portfolio's return potential going forward.

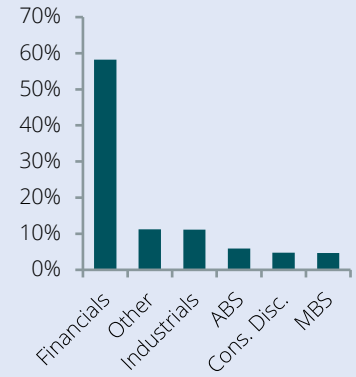
Bond yields rose sharply in September as central banks responded to persistent inflation, with higher oil prices tied to Middle East tensions adding to price pressures. The US Federal Reserve raised rates by 25bps to 3.75-4.00%, its first hike since 2023, and its projections showed most members expect another increase this year. US 2-year yields rose 55bps to 4.89% as investors moved to price in 3-4 hikes in total, while US 10-year yields rose 53bps to 5.28%, having touched their highest level in around 19 years late in the month. In Australia, annual CPI inflation lifted to 4.0% in August, and the RBA raised the cash rate to 4.60%, its fourth hike this year after a brief pause mid-year. Australian 3-year yields rose 27bps to 4.93%, less than the US move but still significant. Yields also climbed notably in Europe, Canada, New Zealand and Japan, with German 2-year yields up 27bps and Canadian 2-year yields up 36bps, as expectations around central bank rate hikes increased globally.

Risk markets held up better than bonds, though the tone softened. The S&P 500 slipped 0.5% as AI-related themes continued to support the US economy and earnings. Physical credit was steadier. US investment grade spreads widened 2bps to 80bps, and the Bloomberg AusBond Credit 0+ spread to swap series widened 1bp to 79bps, both still close to the bottom of the historical

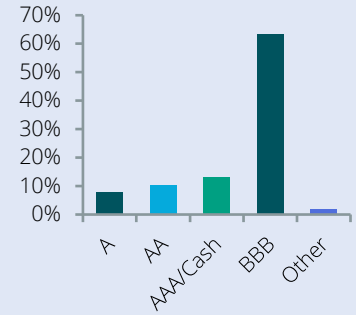
GEOGRAPHIC ALLOCATION



SECTOR ALLOCATION

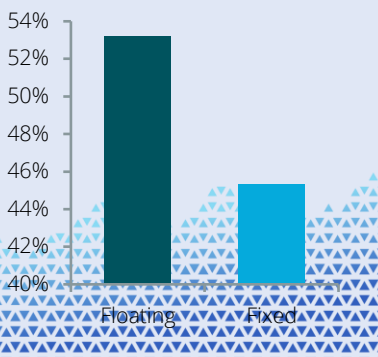


CREDIT RATING*



*of which 4.4% of Investment Grade and 0.7% of High Yield were internally rated.

INTEREST TYPE



ranges. Strong observed earnings growth and continued optimism around the rollout of AI were contributing factors as to why risk markets held up despite the increase in yields.

Outlook and Positioning

The speed of the rise in yields is a reminder of the two sides of fixed income. Higher yields lift the income on offer, but the move to get there hurts returns, particularly for longer duration portfolios. With central banks hiking again, inflation above target and oil prices sensitive to geopolitical news, we see little reason to rush into adding duration. Credit markets have so far absorbed higher funding costs, supported by solid growth and the AI investment build out. However, spreads near historical tights leave limited room for disappointment on growth, inflation or the returns on AI spending.

Credit positioning remains cautious, and we continue to favour short dated bonds over reaching for yield. Spread duration rose 0.1 years to a still modest 2.4 years, with BBB rated exposure increasing over the month. The underlying portfolio spread widened 5bps to 126bps, in line with the softer tone in credit markets. The credit exposure remains skewed towards Australian credit for the additional yield and its tendency to behave as lower beta in a sell-off, with a continued focus on investment grade names with sound fundamentals. Liquidity remained within the target range, with the combined Level 1 and Level 2 liquid allocation between 15% and 30%.

Rates duration was reduced by 0.4 years to around 0.4 years, well below the structural level of around one year. Almost all of the reduction came from US rates, where duration fell from 0.6 to 0.3 years, as the sharp rise in yields occurred and the reassessment that we will see a Fed tightening cycle. Smaller long positions in Europe, Australia and New Zealand were broadly unchanged and acted to mitigate the negative duration impact as yields rose less strongly.

At the underlying portfolio level, higher official rates and bond yields provide a strong starting point for absolute return expectations, a clear contrast to 2022 when yields were close to zero and offered little buffer. In a world of heightened uncertainty across most asset classes, including fixed income, we remain confident in our short duration fund's ability to produce resilient and attractive returns in this environment. We continue to favour a short duration approach to limit sensitivity to market moves in either direction, generating more consistent above cash returns through credit carry during these uncertain times.

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