Kapstream
—JANUS HENDERSON—

Kapstream Absolute Return Income *Plus* Fund — A Class Units
Monthly Report

September 2026

Fund Objective

The Fund aims to provide a steady stream of income and capital stability over the medium to long term with low volatility.

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 (%)	1M	3M	CYTD	1Y	3YRS	5YRS	S.I.
Fund Return[1] (after fees and sell spread)	0.09	0.96	3.22	4.73	6.88	5.19	4.09
RBA Cash Rate	0.35	1.08	3.08	4.00	4.13	3.29	2.45
Active return[2] (after fees and sell spread)	-0.26	-0.12	0.14	0.73	2.75	1.90	1.64
Ausbond Bank Bill Index	0.36	1.11	3.13	4.06	4.21	3.34	2.49

Past performance is no guarantee of future results. 1) Net of fee returns inclusive of 0.60% annualised total expenses. No allowance is made for tax. Numbers may not add due to rounding. 2) Active return of the Fund compared to Benchmark (RBA Cash Rate). Source: Fidante Partners Limited, 31 July 2026. To the extent that the Manager invests in other third party managed funds or ETFs, the management fees and expenses associated with these will be reflected in the performance received from those investments but are not captured in the management fees quoted.

Quarterly Distribution Returns History (%)

	MAR	JUN	SEP	DEC	CYTD[4]
2026	1.10%	1.81%	1.16%		
2025	2.95%	1.71%	1.24%	1.20%	4.65%
2024	1.33%	1.32%	1.33%	1.33%	4.27%
2023	0.92%	0.91%	1.21%	1.33%	3.43%
2022	0.50%	0.58%	0.90%	0.91%	2.70%
2021	0.49%	0.40%	0.50%	0.51%	1.78%
2020	0.66%	0.40%	0.51%	0.60%	2.45%
2019	0.00%	0.00%	0.00%	0.71%	0.77%

Source: Fidante Partners. Past distributions are no indication of future distributions. 3) Calculated as the cents per unit (CPU) distribution at quarter end divided by the ex-distribution unit price at the start of the quarter. 4) 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.

FUND DETAILS

APIR	HOW8743AU
Inception date	6 November 2019
Fund size	AUD 1.04b
Distribution frequency	Quarterly
Management fee	0.60% p.a.
Buy/sell spread	0%/0.2%
Interest rate duration	0.43yrs
Spread duration physical	2.68yrs
Yield to Maturity	6.79%
Average credit rating	A-
Number of issuers	75

FUND GUIDELINES

Target return	Cash plus 3-4%
Target volatility	<3% annualised
Duration limit	-2 to +2 yrs
Credit quality	>75% investment grade

PLATFORMS

AMP North
BT Panorama
HUB24
Macquarie Wrap
Mason Stevens
Netwealth

PORTFOLIO MANAGERS



Daniel Siluk



Dylan Bourke

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Performance and Market Commentary

The fund returned 0.09% after fees in September, taking 12-month performance to 4.73%. This was below the RBA Cash Rate benchmark return of 0.35% for the month, although the fund remained 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 more than offset the drag from duration, which we cut through the month as yields rose. Credit spread positioning had little influence in the month, despite physical credit spreads in the broader market drifting slightly wider as risk sentiment softened under the weight of higher rates. Although rising yields weighed on performance, the 36bps increase in the yield to maturity in September to 6.79% is expected to enhance the portfolio's return potential going forward.

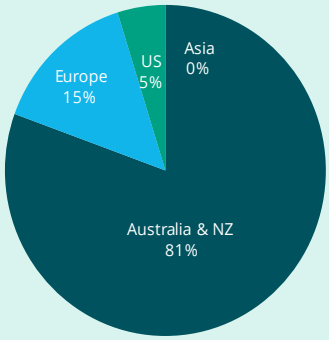
Bond yields rose sharply in September as central banks responded to persistent inflation, with higher oil prices tied to Middle East tensions adding to price pressures. The US Federal Reserve raised rates by 25bps to 3.75-4.00%, its first hike since 2023, and its projections showed that most members 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% although strong earnings growth and continued optimism around AI limited the decline. 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 ranges.

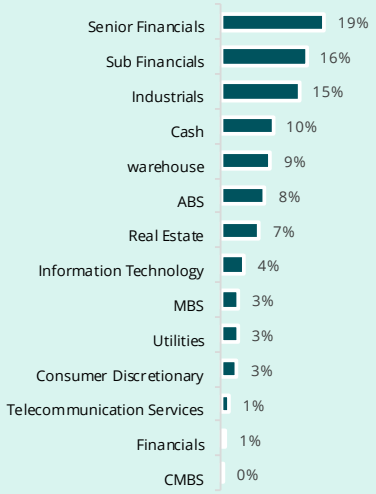
Outlook and Positioning

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.

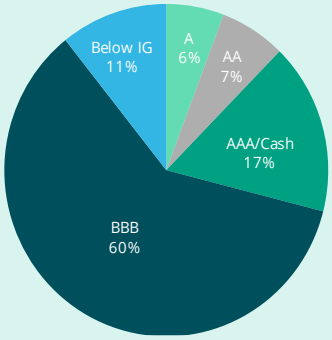
GEOGRAPHIC ALLOCATION



SECTOR ALLOCATION



CREDIT RATING*



*Credit ratings include manager rated; see analyser for further detail. Additionally, below IG does not include HY CDX exposure.

For further information on the Fund's portfolio composition and characteristics, please click here.

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Credit positioning remains cautious, and we continue to favour short-dated bonds over reaching for yield. Spread duration rose 0.2 years to a still modest 2.7 years, with BBB rated exposure increasing while high yield exposure fell 2 percentage points to 13%. The portfolio spread widened 7bps to 171bps, 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, given this is where the sharp rise in yields occurred and the Fed restarted its 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 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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More Information

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