Kapstream Absolute Return Income Plus Fund

Kapstream
— JANUS HENDERSON —

Monthly Report – A class units

KANGANEWS AWARDS 2018 WINNER – AUSTRALIAN CREDIT FUND MANAGER OF THE YEAR
KANGANEWS AWARDS 2019 WINNER – AUSTRALIAN CREDIT FUND MANAGER OF THE YEAR
KANGANEWS AWARDS 2021 WINNER – AUSTRALIAN CREDIT FUND MANAGER OF THE YEAR
KANGANEWS AWARDS 2022 WINNER – AUSTRALIAN CREDIT FUND MANAGER OF THE YEAR
KANGANEWS AWARDS 2023 WINNER – AUSTRALIAN CREDIT FUND MANAGER OF THE YEAR

Fund objective

The fund aims to provide a superior 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.

Fund details

Inception date	6 November 2019
Fund size	AUD 1,046m
Distribution frequency	Quarterly
Management fee	0.60% p.a.
Buy/sell spread	0%/0.2%
Interest rate duration	0.71yrs
Spread duration physical	2.21yrs
Yield to Maturity	6.33%
Average credit rating	BBB+
Number of issuers	84

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

Dylan Bourke
Portfolio Manager

Daniel Siluk
Portfolio Manager

April 2026

Performance (%)	1 month	3 months	calendar year to date	1 year	3 years annualised	5 years annualised	since inception annualised
Fund Return[1] *(after fees and sell spread)*	0.72	0.70	1.35	6.59	7.00	5.04	4.06
RBA Cash Rate	0.33	0.96	1.26	3.77	4.09	2.93	2.33
Active return[2] *(after fees and sell spread)*	0.38	-0.27	0.09	2.82	2.91	2.11	1.73
Ausbond Bank Bill Index	0.34	0.95	1.25	3.79	4.15	2.96	2.36

Past performance is no guarantee of future results. Net of fee returns inclusive of 0.60% annualised total expenses. No allowance is made for tax. Numbers may not add due to rounding. 1) Active return of the Fund compared to Benchmark (RBA Cash Rate).
Source: Fidante Partners Limited, 30 April 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 (%)

Year	Mar	Jun	Sep	Dec	FYTD[4]
2026	1.10%				
2025	2.95%	1.71%	1.24%	1.20%	7.50%
2024	1.33%	1.32%	1.33%	1.33%	5.29%
2023	0.92%	0.91%	1.21%	1.33%	3.70%
2022	0.50%	0.58%	0.90%	0.91%	2.09%
2021	0.49%	0.40%	0.50%	0.51%	2.02%
2020	0.66%	0.40%	0.51%	0.60%	1.78%
2019	0.00%	0.00%	0.00%	0.71%	0.00%

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.

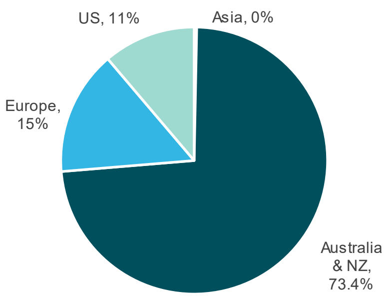
Performance commentary

The fund returned 0.72% net of fees in April, taking 12-month net performance to 6.59%. 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 the reopening of the Strait of Hormuz. Equity markets moved to fresh highs, while US credit spreads have regained more than half the March widening. Australian credit lagged, with the Bloomberg AusBond 0+ Credit index spread to swap narrowing only modestly to 75bps at end April, from 78bps at end March and 69bps at end February. Bond markets failed to participate in the recovery and extended March losses. US 2-year yields rose from 3.79% as at end March to 3.87% as at end April, despite a mid-month decline, to be up sharply from 3.37% as at end February. Front end bond yields also finished ~5 to 15bps higher across Australian, Europe, New Zealand and Canada. The spread compression across the portfolio of 7bps to 163bps in April partly offset the rise in Australian bond yields, with the yield to maturity rising 7bps to a solid 6.33% as a result.

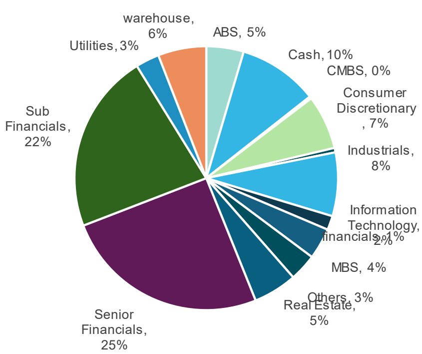
Portfolio strategy

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

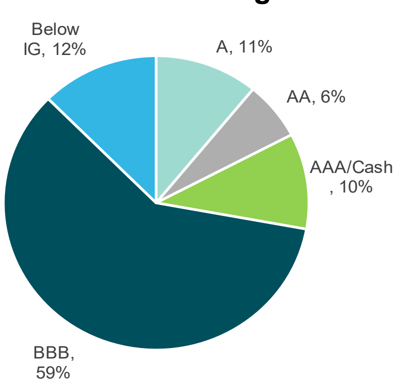
Geographic Allocation



Sector Allocation



Credit Rating*



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

Spread duration was reduced over April, from 2.45 years to a low of 2.21 years as we bought c7.5% CDX protection at tight levels. 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 supply of oil, gas, fertilisers and helium supply globally. 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, de-regulation, corporate investment as well as the government remaining incentivised to maintain optimism through to the November midterms.

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 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 roll out 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 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.