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 930m
Distribution frequency	Quarterly
Management fee	0.60% p.a.
Buy/sell spread	0%/0.2%
Interest rate duration	0.87yrs
Spread duration physical	2.31yrs
Yield to Maturity	5.89%
Average credit rating	BBB+
Number of issuers	79

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

February 2026

Performance (%)	1 month	3 months	calendar year to date	1 year	3 years annualised	5 years annualised	since inception annualised
Fund Return *(after fees and sell spread)*	0.29	1.47	0.94	6.73	7.17	5.05	4.11
RBA Cash Rate	0.29	0.90	0.58	3.77	4.06	2.80	2.28
Active return¹ *(after fees and sell spread)*	0.01	0.56	0.36	2.96	3.11	2.25	1.83
Ausbond Bank Bill Index	0.28	0.90	0.59	3.83	4.14	2.83	2.32

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, 28 February 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
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.

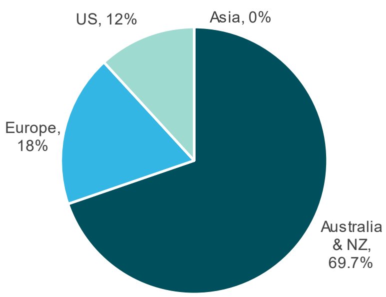
Performance commentary

The fund returned +0.29% in February, taking 12-month performance to 6.73% (after fees). Coupon income was a solid contributor to excess returns, with duration providing a similar contribution through February on a broad rally in global government bond yields. Credit spreads subtracted from returns, but outperformed what was implied by the global risk off tone late in the month. The yield to maturity rose by 2bps to 5.89% as at the end of February, providing a solid base for expected returns looking forward.

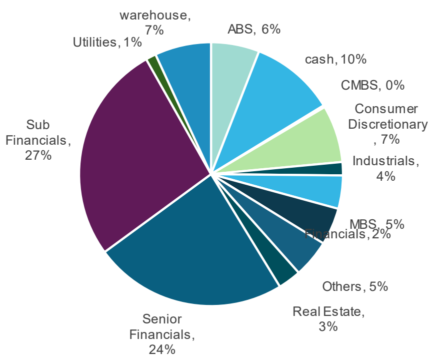
Portfolio strategy

Spread duration positioning was largely unchanged over February, remaining at low levels in absolute terms given where spreads are in relation to their historical ranges. Lower taxes, de-regulation and potential corporate investment could underpin U.S. earnings and global sentiment in 2026, with the government incentivized to maintain optimism through the November midterms. Headline spread duration was maintained at 2.3 years. Once we adjust for beta of the bonds, it has tended to be 3.9 – 4.2 years, a little higher than the long run average, but importantly holding bonds that can pull to par quickly given the lower headline spread duration. Balancing shorter term credit opportunities with our view that we expect the US government to potentially extend the credit cycle, offset by the possibility of short bouts of tariff and policy induced volatility. However geopolitical concerns abound so we continue to remain cautious.

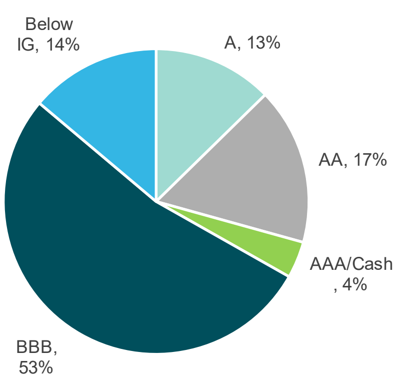
Geographic Allocation



Sector Allocation



Credit Rating*



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

Overall rates duration was taken back towards historical averages, rising 0.4pps to 0.8 years. Rising geopolitical risks led us to remove short positions to protect the portfolio should risk off moves materialise and as falling yields saw us take off positions aimed at benefiting from higher yields. Otherwise, we remain convicted on long duration positions in the UK, where duration was increased as we expect a deeper and quick easing cycle than what is priced. Exposure in Australia and New Zealand remained minimal, particularly given that the central bank has moved towards tightening.

Outlook

The key takeaway from February is that geographic dispersion remains a live opportunity set for active fixed income. The month delivered a meaningful rates rally in the US, UK, Europe and New Zealand, with Australia moving in the same direction but less aggressively. In this environment, portfolio construction that is deliberate about where duration is held and where it is avoided can continue to add value, particularly when markets oscillate between the re-emergence of inflation, growth optimism and episodic risk aversion.

In credit, valuations remain sensitive to any incremental deterioration in risk sentiment, as illustrated by the widening in credit spreads during the month. While carry remains a reliable base of return, February reinforced that spread outcomes can turn from supportive to mildly adverse quite quickly when macro or geopolitical uncertainty rises. We therefore continue to favour a disciplined approach to credit risk, focusing on resilient issuers, careful sizing, and maintaining flexibility to take advantage of any dislocations that may emerge if spread volatility persists.

For more information, please contact Kapstream on 02 9234 0000
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