Kapstream Absolute Return Income Plus Fund

Kapstream
— JANUS HENDERSON —

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

Monthly Report – A class units

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 830m
Distribution frequency	Quarterly
Management fee	0.60% p.a.
Buy/sell spread	0%/0.2%
Interest rate duration	0.28yrs
Spread duration physical	2.31yrs
Yield to Maturity	5.87%
Average credit rating	BBB+
Number of issuers	77

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

January 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)*	0.65	1.58	0.65	7.05	7.27	5.02	4.11
RBA Cash Rate	0.29	0.89	0.29	3.81	4.05	2.74	2.26
Active return[1] *(after fees and sell spread)*	0.35	0.70	0.35	3.24	3.22	2.28	1.85
Ausbond Bank Bill Index	0.30	0.91	0.30	3.89	4.12	2.77	2.30

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, 31 January 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				0.71%	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.

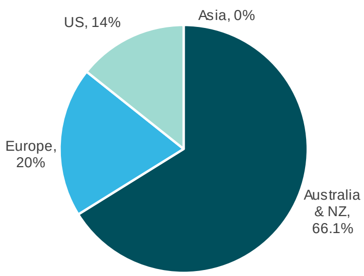
Performance commentary

The fund returned +0.65% in January, taking 12-month performance to 7.05% (after fees). Coupon income was again a solid driver of returns, but relative to cash spread compression was the single biggest contributor in the month. Portfolio credit spreads narrowed by 17bps, outpacing the 5bps decline in the US Corporate Agg OAS series and the 8bps decline in the Australian Bloomberg AusBond 0+ credit spread to swap series over the month. Losses from a small increase in US yields were mostly offset by the benefits of a decline in UK front-end yields - the notable increases in NZ and Australian yields on increased rate hike expectations were avoided. The rise in Australian yields helped offset spread compression in January, such that the yield to maturity on the portfolio fell by 11bps to 5.87% at month end. This continues to support a solid base for expected returns over 2026.

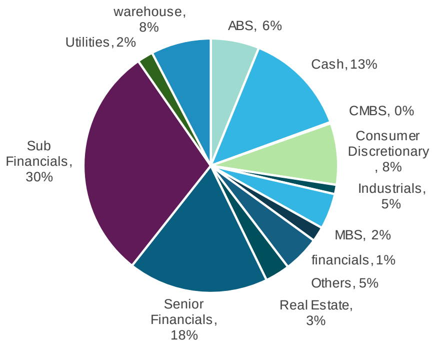
Portfolio strategy

Credit spread duration remained fairly stable over January, finishing the month at 2.4 years. Once we adjust for beta of the bonds, it reduced to around 4.1 years from 4.3 years as we allowed risk to reduce slightly. Lower taxes 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. Balancing 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. The exposure is skewed towards Australian credit because of additional yield and it tends to behave as lower beta in a sell-off.

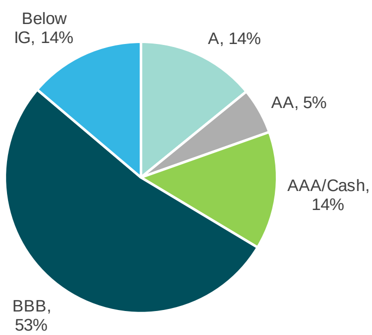
Geographic Allocation



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 moved lower to 0.3 years in January, reflecting some shorter-term views around US rates duration. Rate cut expectations in the US continued to be more than what we expect, reflecting that inflation remains above target in the US, even excluding any tariff impacts, whilst GDP growth remains well above historical averages. Short positions in this space were introduced as a result, including at the back end of the US yield curve, to capture any re-assessment around monetary policy as well as the impact of additional supply. Otherwise, we remain convicted on long duration positions in the UK, where we expect a deeper and quick easing cycle than what is priced. Exposure in Australia and New Zealand remains minimal, allowing the funds to avoid the significant rise in yields observed in both regions as the central banks shift from easing to tightening.

Outlook

Bumps in the road over 2026 are expected to continue, with only the size of the potholes yet to be known. A repeat of the moves seen around Liberation Day is not our base case, but caution remains warranted. While we are cautiously optimistic overall, tight credit spreads leave limited room for error and keep us alert to the risk of adverse spread moves. The tightening continued in January - the US corporate Agg OAS closed 5bps lower at 73bps (vs an historic low of 71bps). Australian credit spreads also compressed, with the Bloomberg AusBond Credit 0+ Yr Index spread to swap in 8bps to 69bps, still somewhat above the all-time low of 57bps.

We are still optimistic about expected returns over the coming year. Credit looks set to provide stable income, roll down potential and new issue premium capture opportunities. Additionally, given the uncertain and turbulent AI and software complex, we are seeing dispersion, in both equity and credit markets, at a single-name or issuer level, which also provides opportunities to drive return as dislocations become excessive. While the overall rates beta is not expected to add materially over the coming year, with US markets adequately factoring in a modest set of rate cuts, there will be significant opportunities to add value with geographic dispersion. January has already kicked off this theme. Active managers that are globally focused and absolute returns managers will be best placed to take advantage of this opportunity set, including avoiding the negative return impacts from rising yields from regions seen like countries as Australia.