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 1,038m
Distribution frequency	Quarterly
Management fee	0.60% p.a.
Buy/sell spread	0%/0.2%
Interest rate duration	0.76yrs
Spread duration physical	2.67yrs
Yield to Maturity	6.22%
Average credit rating	BBB+
Number of issuers	72

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

June 2026

Performance (%)	1 month	3 months	calendar year to date	1 year	3 years annualized	5 years annualised	since inception annualised
Fund Return[1] *(after fees and sell spread)*	0.52	1.60	2.24	6.13	7.13	5.15	4.10
RBA Cash Rate	0.37	1.04	1.98	3.84	4.11	3.07	2.38
Active return[2] *(after fees and sell spread)*	0.15	0.56	0.26	2.29	3.02	2.08	1.72
Ausbond Bank Bill Index	0.39	1.07	1.99	3.86	4.21	3.11	2.41

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 June 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%	1.81%			4.78%
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%

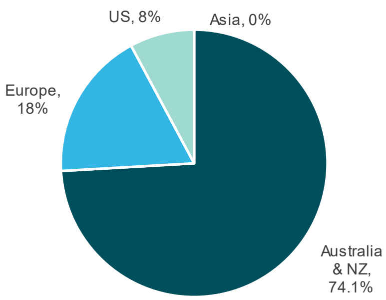
Source: Fidante Partners. Past distributions are no indication of future distributions. 3) Calculated as the cents per unit (CPU) distribution at quarter end divided by the ex-distribution unit price at the start of the quarter. 4) Annual distribution return (Financial -Year-to-Date) is calculated as 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 and markets commentary

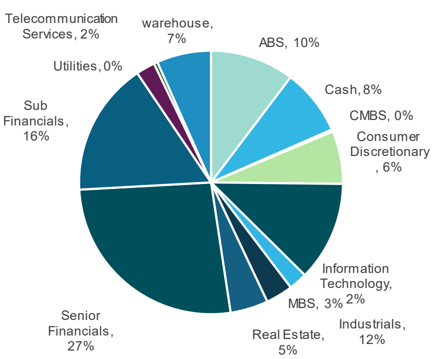
Your portfolio returned 0.52% in June, taking 12-month performance to 6.13%. This exceeded the RBA Cash Rate benchmark return of 0.37% for the month and remained well ahead of the 12-month performance benchmark return of 3.84%. Carry (the coupon income you receive for holding credit fixed income securities in particular) remained the primary driver of returns, consistent with the portfolio's design as a carry focused strategy. Credit spread positioning added further, with name selection drove portfolio spread compression despite modest widening at the broader market level. This was partially offset by a small duration headwind, as US 2-year Treasury yields rose a further 17 basis points, though yields fell across the rest of the developed world. The portfolio's yield to maturity softened modestly by 4 basis points to 6.22%, providing a solid base for expected returns looking forward.

The Iranian conflict lessened in influence in June, with a Memorandum of Understanding agreed and the Strait of Hormuz opening intermittently. Oil prices drifted steadily lower, but bond yields did not follow. The dominant market theme remained the AI investment boom, with US economic growth and consumer spending well supported and inflation drifting further above target. A more hawkish stance from incoming FOMC Chair Warsh and other Federal Reserve Governors saw additional rate hikes built into the curve, lifting US 2-year Treasury yields 17 basis points to 4.17%. Elsewhere, the softer headline inflation outlook dominated given AI investment spending is less prominent. Australian 3-year yields declined 11 basis points to 4.36% as softer domestic activity, in particular cooling housing data influenced by recent tax changes, tempered expectations for further hikes despite still elevated trimmed mean inflation. NZ 2-year yields fell 20 basis points as the pullback in oil moderated the headline inflation concerns the RBNZ had recently cited. UK 2-year yields fell 6 basis points, and German 2-year yields were broadly unchanged, with the ECB still divided on whether to follow up on its recent hike. Risk sentiment softened modestly, with the S&P 500 declining 1.1% on concerns that optimism around AI had extended too far, and credit spreads drifted a touch wider. The US Bloomberg Corporate Agg OAS widened 2 basis points to 74bps, and the

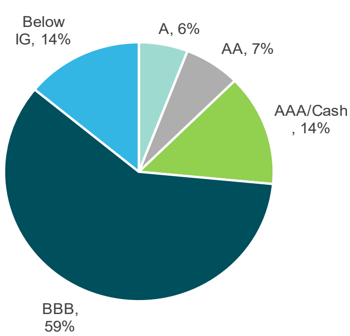
Geographic Allocation



Sector Allocation



Credit Rating*



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

Outlook and positioning

We expect AI to remain the dominant market influence, supporting a renewed US exceptionalism theme. A strongly appreciating US dollar is one byproduct, although the slight drop in equity prices over the month cautions that it's not one-way traffic. The substantial capital expenditure still requires justification in what is a rapidly evolving space. Currently, earnings are rising, distinguishing this period from the early 2000s dot-com bubble. When AI will increase productivity to the point where it lowers inflation remains unknown. Concerns around the US consumer spending beyond their means, with savings at low levels by historical standards, remain a risk at this stage that has not materialised. The developments in Iran, which still have the potential to re-escalate, are seen as less likely to influence yields, given the recent reaction function shown by financial markets in oil prices. In Australia, concerns that the economy will slow under the weight of recent rate hikes and unfavourable tax changes has become increasingly concerning.

Portfolio positioning remains cautious given the risks around the outlook. Equities remain expensive on optimism around AI In the short term, with credit spreads at the expensive end of long-run valuations. During the month, the portfolio selectively added credit exposure, with spread duration rising 0.5 years to a still modest 2.7 years, while the CDX credit hedge was removed. The portfolio spread compressed 7 basis points to 168 basis points, in line with the improvement in risk sentiment and the performance of recent new issues. The credit exposure remains skewed towards Australian credit for the additional yield and its tendency to behave as lower beta in a sell off. We continue to focus on investment grade credit with sound fundamentals. Portfolio liquidity remains firm, with the level 1 and level 2 liquid sleeve of the portfolio within the target range of 15 to 30%.

Rates duration was extended by 0.1 years to 0.8 years, remaining somewhat on the shorter side of historical averages given the upside risks to inflation, rate hikes and bond yields. However, as markets have priced in hikes by the US Federal reserve, the desire to be underweight duration has diminished. Regionally the majority of exposure remained concentrated in US rates as a hedge against global risk sentiment. The portfolio maintains small long positions in Australia and New Zealand which offer better relative value.

At the portfolio level, higher yields provide a strong starting point for absolute return expectations. This contrasts with the market backdrop in 2022 when yields were close to zero and provided significantly less buffer, alongside the scope for a 400 to 500 basis point rise in official interest rates and bond yields also being more limited given many central banks did not reach or move below neutral. We continue to favour a short duration approach to limit sensitivity to market volatility in either direction, thereby generating consistent above cash returns through credit carry during these uncertain times.

For more information, please contact Kapstream on 02 9234 0000
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