Kapstream
— JANUS HENDERSON —

Monthly Report – A class units

Kapstream Absolute Return Income Plus Fund

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 1,035m
Distribution frequency	Quarterly
Management fee	0.60% p.a.
Buy/sell spread	0%/0.2%
Interest rate duration	0.82yrs
Spread duration physical	2.45yrs
Yield to Maturity	6.26%
Average credit rating	BBB+
Number of issuers	81

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

March 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)*	-0.31	0.63	0.63	6.00	6.92	4.96	4.00
RBA Cash Rate	0.34	0.92	0.92	3.77	4.07	2.87	2.31
Active return[2] *(after fees and sell spread)*	-0.65	-0.30	-0.30	2.22	2.85	2.09	1.69
Ausbond Bank Bill Index	0.32	0.91	0.91	3.80	4.15	2.89	2.33

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[3] (%)

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

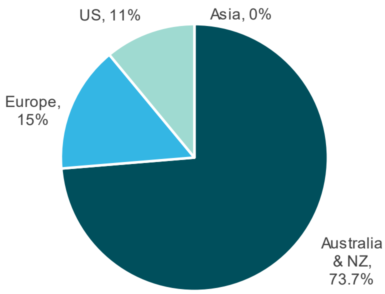
The fund returned -0.31% net of fees in March, taking 12-month net performance to 6.00%. This underperformed cash returns of 0.34% in the month, with yearly returns still far exceeding cash benchmark returns of 3.77%. The first negative month for returns in over three years reflected the initiation of military action in Iran, which sharply boosted energy prices globally as supply through the Strait of Hormuz was halted. Market reaction to this supply shock with a sharp rise in inflation and rate hike expectations that precipitated a gradual decline in risk markets. US 2-year yields rose by 42bps in March, whilst the more energy-dependent UK saw 2-year Government yields rise by an even larger 88bps as pockets of illiquidity appeared. The S&P 500 finished the month down 5%, with credit spreads holding in relatively well with the Bloomberg US Credit Agg Corporate OAS 5bps wider to 89bps and the Bloomberg AusBond 0+ Credit spread to swap out 9bps to 78bps. The portfolio's yield to maturity jumped 37bps to 6.26% accordingly, providing a solid basis for absolute returns looking forward.

Portfolio strategy

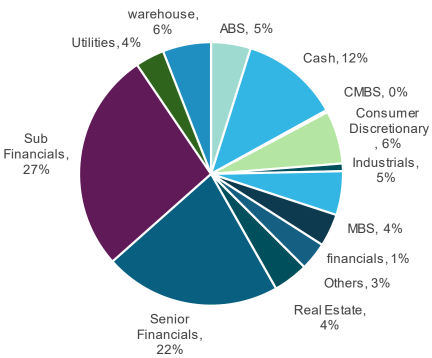
Rates duration, which had been increased in February to 0.8 years to protect the portfolio and added in early March to around 1.0 years to provide further protection, was then reduced to 0.8 years as the market reaction more resembled a supply shock than a traditional risk-off episode.

For more information, please contact Kapstream on 02 9234 0000
or info@kapstream.com or visit www.kapstream.com

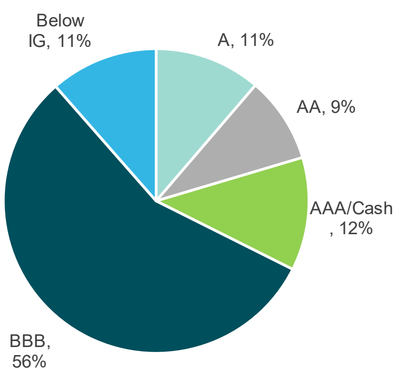
Geographic Allocation



Sector Allocation



Credit Rating*



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

Rates duration was increased early in the month to as much as 1.0 years, designed to provide protection if the historical experience of a significant risk off move led to a decline in yields. This failed to materialise as the markets priced in significantly more rate hikes on inflationary fears, which saw us cut those additions and take duration down to 0.7 years. This included a reduction in our 2y UK position, which was more impacted by LNG price movements. However, as oil prices and yields stabilised towards the end of the month, duration was raised back up to where it started the month at 0.8 years, in expectation of a possible unwinding as a potential end to military action became more likely.

Spread duration was added to at the end of the month after being trimmed over the first part of March, as the initial decline in risk markets was somewhat modest and gradual. Spread duration was reduced from 2.31 years to a low of 2.05 years as we sold assets in anticipation of wider new issue concessions, which we saw and we started deploying in the second half of the month, finishing at 2.45 years.

We view sell-offs as more likely a buying opportunity given the continued US support from lower taxes, de-regulation, corporate investment as well as the government remaining incentivized to maintain optimism through to the November midterms.

The credit exposure is skewed towards Australian credit because of additional yield, and it tends to behave as lower beta in a sell-off.

Outlook

The resolution of the military action in Iran and the market reaction function remain the key near-term risks to the outlook, with risks in both directions. A near term resolution and opening of the Strait of Hormuz would likely see the sizeable moves in oil prices and yields reverse. The US President announcing the near-term intention to finish hostilities in two to three weeks is the strongest evidence that this may occur. However, further escalation is still possible which would see some of the recent moves extend. Troops are still being sent into the region with possible ‘boots on the ground’ and energy installations across the regions are still being targeted. In the adage of actions speak louder than words, an objective assessment of events suggests events in the region may still be escalating.

Central banks, for the most part, will wait to see the size of the arguably one-off impact from higher energy prices, possible second round impacts and any evidence of a de-anchoring of inflation expectations. The demand-destructive elements will also be looked for, but these may not be seen for some time. As such, the sharp rise in yields may present an opportunity to increase exposure to duration, as the market response to date has been solely focused on the inflationary impacts when central banks often look through one-off moves.