

# ActiveX Kapstream Absolute Return Income Fund (Managed Fund) (CXA: XKAP)

**Kapstream**  
— JANUS HENDERSON —

The Fund aims to deliver an alternative approach to fixed income. It provides access to global fixed income markets, in order to facilitate a steady income stream with capital stability across economic cycles.

The ActiveX Kapstream Absolute Return Income Fund (Managed Fund) (the “Fund”) primarily invests in the Kapstream Absolute Return Income Fund (the “Underlying Fund”) which was launched in May 2007.

Kapstream adheres to an active and less traditional approach to fixed interest management, one that blends top down macroeconomic outputs with bottom-up security selection. Unlike more mainstream competitors, it is not subject to the same benchmark relative constraints, providing the investment team with greater scope to incorporate best trade ideas and position the portfolio in response to varying market conditions.

## Who is this Fund suitable for?

The Fund may be suitable for investors who are seeking:

- ✓ Stable income across market cycles
- ✓ Potentially higher levels of returns compared to cash
- ✓ Low to moderate volatility
- ✓ A diversified portfolio that can complement other asset classes

## Where does it fit in your portfolio?

The Fund is designed to deliver a steady stream of income and capital stability and sit in the defensive allocation of a portfolio. The Fund can help diversify equity and traditional fixed income exposures, and can be used to complement cash exposures.

## Why invest?

### Steady income stream

In a low interest rate world, investors may need access to income that has potential to provide rates of return higher than cash. Kapstream’s unique investment approach aims to reduce the risk of capital losses, supported by their proven track record, and search for the best risk adjusted returns from a wide range of fixed interest securities, aiming to generate reliable income across market cycles with lower risk than other asset classes like shares and property.

### An easier way to access your cash

The Fund offers daily trading on the Cboe exchange, through online trading accounts or through preferred brokers without break costs that can apply to term deposits.

## Fund at a glance

### CXA Ticker

XKAP

### Investment Manager

Kapstream Capital

### Fund Issuer

Fidante

### Objective

The Fund aims to provide a steady stream of income and capital stability over the medium term while aiming to outperform its benchmark through market cycles.

### Benchmark

RBA Cash Rate

### Distribution Frequency

Quarterly

### Fund Inception Date

15 October 2019

### Strategy Inception Date

May 2007

### Management Fee

0.55% p.a.

### Unit Registry

Link Market Services

## Global diversification

Navigating through a low yielding fixed income market requires an investment approach that can build returns from diversified sources of fixed income from around the world. Kapstream can have exposure to countries such as the US, UK, China, Hong Kong, Singapore, Germany, Canada and Australia. The Kapstream investment approach is innovative in that it can manoeuvre between countries, high quality government debt and the debt of high quality companies no matter where the opportunities lie.

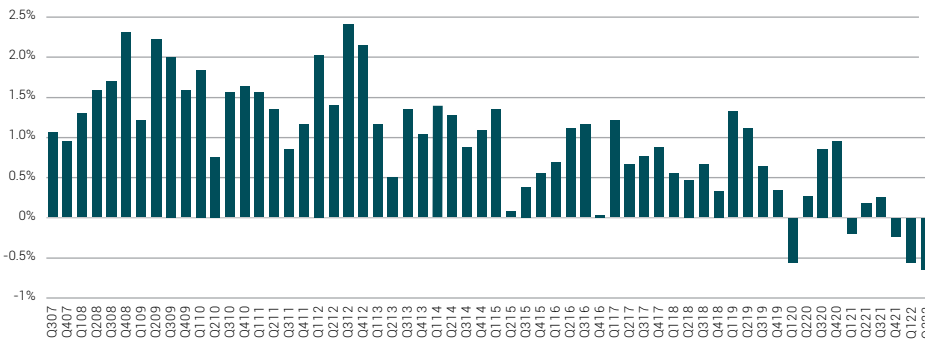
Kapstream use a term called relative value when seeking out investment opportunities. Relative value is the attractiveness of one investment over another in terms of risk, liquidity and return. Focussing on relative value allows Kapstream to diversify the portfolio with high quality debt securities across countries and sectors, and in turn, not put 'all your eggs in one basket'.

## Capital stability

The Fund is designed to deliver capital stability through an actively managed, unleveraged portfolio of fixed income investments and is diversified across countries and fixed income sectors. Kapstream manages their global fixed income portfolio by carefully selecting the bonds of quality, well-structured companies which have proven track records in conducting business through varying economic cycles. These types of companies are commonly referred to as 'investment grade'.

Since inception and as outlined in the chart below, the Underlying Fund<sup>1</sup> has delivered positive absolute returns in 55 out of a possible 60 quarters.

## Underlying Fund Quarterly Performance (Net)



As at 30 June 2022. All performance after Class A fees, currently 0.55%. Class A fees were 0% from inception-8/6/08, 0.60% from 8/6/08-30/09/09, 0.70% from 30/09/09-1/10/19 and 0.55% thereafter. Past performance is no indication of future performance. Current performance may be lower or higher than the performance data quoted. Performance data current to the most recent month is available at <https://www.fidante.com/au/kapstream-capital>

The performance of the Fund will not exactly replicate that of the Underlying Fund, for example where cash is held by the Fund. This performance history chart is updated on a quarterly basis.

## Find out more

For further information, please contact 1300 721 637 (within Australia) and 02 8023 5428 (outside of Australia), Email: [info@fidante.com.au](mailto:info@fidante.com.au)  
 For investor enquiries, please contact Link Market Services: 1800 441 104, Email: [fidante@linkmarketservices.com.au](mailto:fidante@linkmarketservices.com.au)  
 For financial planner enquiries, please contact your local Business Development Manager or Email: [bdm@fidante.com.au](mailto:bdm@fidante.com.au)

## What does Investment Grade mean?

Investment grade refers to good quality credit. Companies that have manageable levels of debt, good earnings potential and a good debt-paying record will have a good credit rating. A company is considered investment grade when it is rated 'BBB' or higher by ratings agencies such as Standard and Poor's and Moody's. Kapstream usually invest in A+ rated companies.

## About Kapstream Capital

Founded in 2006, Kapstream is a global fixed income specialist with over A\$13.3 billion in assets under management as at 30 June 2022.

Kapstream's investment team is highly experienced and manages money for a range of investors based in Australia and overseas.

The team combines capital preservation techniques with unconstrained portfolio management skills in the pursuit of stable, absolute returns.

<sup>1</sup> In this flyer, where we refer to the Fund's investments we generally do so on a 'look-through' basis; that is, we are referring to the underlying assets that the Fund is exposed to through its investment in the Underlying Fund.

This material has been prepared by Kapstream Capital Pty Ltd (ABN 19 122 076 117 AFSL 508870 (Kapstream), the investment manager of Kapstream Absolute Return Income Fund (Fund) and the ActiveX Kapstream Absolute Return Income Fund (Managed Fund) (Funds). Fidante Partners Limited ABN 94 002 835 592 AFSL 234668 (Fidante) is a member of the Challenger Limited group of companies (Challenger Group) and is the responsible entity of the Fund. Other than information which is identified as sourced from Fidante in relation to the Fund, Fidante is not responsible for the information in this material, including any statements of opinion. It is general information only and is not intended to provide you with financial advice or take into account your objectives, financial situation or needs. You should consider, with a financial adviser, whether the information is suitable to your circumstances. The Fund's Target Market Determination and Product Disclosure Statement (PDS) available at [www.fidante.com](http://www.fidante.com) should be considered before making a decision about whether to buy or hold units in the Fund. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. Past performance is not a reliable indicator of future performance. Kapstream and Fidante have entered into arrangements in connection with the distribution and administration of financial products to which this material relates. In connection with those arrangements, Kapstream and Fidante may receive remuneration or other benefits in respect of financial services provided by the parties.

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