Kapstream

—JANUS HENDERSON—

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Kapstream Investment Trust

Product Disclosure Statement

The offer is made by Equity Trustees Limited (ACN 004 031 298, AFSL 240975) as responsible entity of the Kapstream Investment Trust (ARSN 691 029 124) for the issue of up to 150,000,000 ordinary units to raise up to $300 million.

Managers

Kapstream Capital Pty Limited (ABN 19 122 076 117; AFSL 308870)

Mantis Funds Pty Ltd (ABN: 77 640 207 021; CAR No. 001281645)

Joint Lead Arrangers and Joint Lead Managers

Commonwealth Securities Limited

E&P Capital Pty Limited

Ord Minnett Limited

Joint Lead Managers

MST Financial Services Pty Ltd

Taylor Collison Limited

Date of this Product Disclosure Statement

16 February 2026



THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

Investment in this product involves risk, including the potential loss of some or all of your capital.

You should read this PDS in its entirety before deciding whether to subscribe for Units.

There are risks associated with an investment in the Units offered under this PDS.

If you do not understand any part of this PDS or are in doubt as to what you should do, you should consult your stockbroker, accountant, financial adviser or other qualified professional adviser immediately.

Not for release or distribution outside of Australia.

Important Information

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Offer

The Kapstream Investment Trust is an Australian registered managed investment scheme (ARSN 691 029 124) (**Trust**).

The Offer contained in this product disclosure statement (**PDS**) is an invitation to acquire ordinary units (**Units**) in the Trust.

Responsible entity

Equity Trustees Limited (ACN 004 031 298) (AFSL 240 975) is the responsible entity of the Trust (**Responsible Entity**) and, in that capacity, it is the issuer of this PDS **(Issuer**). The Trust is a newly constituted managed investment scheme structured as a unit trust, which has been registered with ASIC.

This document is a product disclosure statement for the purposes of Part 7.9 of the *Corporations Act 2001* (Cth) (**Corporations Act**) and has been issued by the Responsible Entity in respect of the offer as described in this PDS (**Offer**).

The Responsible Entity has entered into a tripartite Investment Management Agreement with Kapstream Capital Pty Limited (ABN 19 122 076 117; AFSL 308870) (the **Investment Manager**) and Mantis Funds Pty Ltd (ABN 77 640 207 021; CAR No. 001281645) (the **Operations Manager**) (together, the **Managers**) authorising the Managers to provide management services to the Trust, pursuant to the terms of the Investment Management Agreement. See Section 13.2 of this PDS for further information on the Investment Management Agreement. The Operations Manager is a corporate authorised representative (CAR No. 001281645) of Mantis Financial Group Pty Ltd (ABN 94 614 846 963; AFSL 492452).

Lodgement and listing

This PDS is dated 16 February 2026 and a copy of this PDS was lodged with ASIC on that date. The Responsible Entity intends to apply to the ASX for admission of the Trust to the Official List and for quotation of its Units on the ASX within seven days after the date of this PDS. **Neither ASIC, ASX nor their officers take any responsibility for the contents of this PDS or for the merits of the investment to which this PDS relates.** Units issued under this PDS will be issued by the Responsible Entity on the terms and conditions set out in this PDS.

Admission is conditional on the ASX approving the application for admission and quotation of the Units. If such approval is not received by the Issuer within three months after the PDS Date, the Offer will be withdrawn, in which case any application money received may need to be dealt with in accordance with section 1016E of the Corporations Act.

It is expected that the Units will be quoted on the ASX on a normal settlement basis.

Note to applicants

The information in this PDS is not personal financial product advice and does not take into account your investment objectives, financial situation or particular needs. This PDS should not be construed as financial, taxation, legal or other advice.

This PDS is important and should be read in its entirety prior to deciding whether to invest in the Trust. There are risks associated with an investment in the Trust which must be regarded as a speculative investment, including possible loss of principal invested. Some of the risks that should be considered are set out in Section 12. You should carefully consider these risks in light of your personal circumstances (including financial and tax issues). There may also be risks in addition to these that should be considered in light of your personal circumstances.

You should not invest in this Trust if:

- you are seeking short-term investment;
- you are unwilling to accept significant fluctuations in Unit prices; or
- you are unable to accept the loss of your principal invested.

All investments involve a degree of risk. Please ensure that you consider the risks of investment in the Trust, including those set out in Section 12. As well as the risks of this particular product, you should also consider how an investment in this product fits into your overall portfolio.

If you do not fully understand this PDS or are in doubt as to how to deal with it, you should seek professional guidance from your stockbroker, lawyer, accountant or other professional adviser before deciding whether to invest in the Units.

Except as required by law, and only to the extent so required, no person named in this PDS warrants or guarantees the Trust's performance, the repayment of capital, or any return on investment made pursuant to this PDS.

The Joint Lead Arrangers and Joint Lead Managers will together arrange and manage the Offer on behalf of the Issuer. The Joint Lead Arrangers and Joint Lead Managers are Commonwealth Securities Limited (ACN 067 254 399; AFSL 238 814) (**CommSec**), E&P Capital Pty Limited (ACN 137 980 520; AFSL 338 885) (**E&P**) and Ord Minnett Limited (ACN 002 733 048; AFSL 237 121) (**Ord Minnett**). Together with the Joint Lead Arrangers, MST Financial Services Pty Ltd (ACN 617 475 180; AFSL 500 557) (**MST**) and Taylor Collison Limited (ACN 008 172 450; AFSL 247 083) (**Taylor Collison**) are also Joint Lead Managers.

The Joint Lead Arrangers and Joint Lead Managers functions should not be considered to be an endorsement of the Offer or a recommendation of the suitability of the Offer for any investor. The Joint Lead Arrangers and Joint Lead Managers do not guarantee or warrant the success or performance of the Issuer, the Units, or the returns (if any) to be received by investors in the Units, or repayment of capital invested or any amounts payable in connection with the Units, the Responsible Entity, or the Managers. Neither the Joint Lead Arrangers, the Joint Lead Managers nor any of their respective directors, officers, employees, consultants, agents, representatives, partners, advisers, related bodies corporate or affiliates, nor any other person, other than the Issuer, is responsible for, or has caused the issue of, this PDS.

None of the Managers, the Issuer, the Joint Lead Arrangers, the Joint Lead Managers, nor any of their respective directors, officers, employees, consultants, agents, representatives, partners, advisers, related bodies corporate or affiliates, nor any other person associated with the Units or the Underlying Funds Units guarantees or warrants the future performance of the Offer, the Units or the Underlying Funds Units, the return on an investment made under this PDS, the repayment of capital on the Units or the Underlying Funds Units, or any payment of distributions or any amounts on, or in connection with, the Units or the Underlying Funds Units, the Responsible Entity or the Managers. You should carefully consider the risks of an investment in the Units in light of your personal circumstances (including your investment objectives, financial situation, tax position and any other needs) and seek professional guidance from your stockbroker, lawyer, accountant, financial adviser or other independent qualified professional adviser before deciding whether to invest in the Units.

The Issuer, its Unit Registry, the Joint Lead Arrangers and the Joint Lead Managers disclaim all liability, whether in negligence or otherwise, to persons who trade Units they believe will be issued to them before receiving their holding statements, or before they are quoted on the ASX, whether on the basis of confirmation of the allocation provided by the Issuer, the Joint Lead Managers, the Unit Registry, the Broker or otherwise, or who otherwise trade or purport to trade Units in error or which they do not hold or are not entitled to.

Target Market Determination

The Responsible Entity has issued a Target Market Determination with respect to the Units which is available at www.kapstream.com/KIT (**Trust Website**). The Target Market Determination does not form part of this PDS.

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No offer where an offer would be illegal

This PDS does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Units in any jurisdiction outside Australia.

The distribution of this PDS outside Australia may be restricted by law. Persons who come into possession of this PDS outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Unless otherwise agreed with the Responsible Entity, any person applying for Units in the Trust shall, by virtue of such application, be deemed to represent that they are not in a jurisdiction which does not permit the making of an offer or invitation as detailed in this PDS and are not acting for the account or benefit of a person within such jurisdiction.

This PDS may not be distributed to, or relied upon by, any person in the United States. In particular, the Units to be offered under the Offer have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (**US Securities Act**), or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold, directly or indirectly, in the United States, unless the Units are registered under the US Securities Act or are offered and sold pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

Refer to Section 10.10 for more detail on selling restrictions that apply to the Offer and sale of Units in jurisdictions outside Australia.

None of the Responsible Entity, the Managers, the Joint Lead Arrangers, the Joint Lead Managers, nor any of their respective directors, officers, employees, consultants, agents, representatives, partners, advisers, related bodies corporate or affiliates accept any liability or responsibility to determine whether a person is able to participate in the Offer.

No information or representation other than in this PDS

No person is authorised by the Responsible Entity, the Managers, the Joint Lead Arrangers or the Joint Lead Managers to give any information or make any representation in connection with the Offer which is not contained in this PDS. Any information or representation not so contained may not be relied on as having been authorised by the Issuer, the directors or officers of the Responsible Entity, or any other person in connection with the Offer. You should rely only on information in this PDS when deciding whether to invest in the Units.

Except as required by law, and only to the extent so required, none of the Issuer, any person named in this PDS, or any other person warrants or guarantees the future performance of the Issuer or the Trust, or any return on any investment made pursuant to this PDS.

Past performance data and forward-looking statements

This PDS contains forward-looking statements concerning the Trust's business, operations, financial performance and condition as well as the Managers' plans, objectives and expectations for the Trust's business, operations, financial performance and condition. Any statements contained in this PDS that are not of historical facts may be deemed to be forward-looking statements. You can identify these statements by words such as "aim", "anticipate", "assume", "believe", "could", "due", "estimate", "expect", "goal", "intend", "may", "objective", "plan", "predict", "potential", "positioned", "should", "target", "will", "would" and other similar expressions that are predictions of or indicate future events and future trends.

These forward-looking statements are based on current expectations, estimates, forecasts and projections about the Trust's business and the market in which the Trust will invest, and the Responsible Entity's beliefs and assumptions. These forward-looking statements are not guarantees of future performance or development and involve subjective judgement and analysis, known and unknown risks, uncertainties, contingencies and other factors that are in some cases beyond the control of the Responsible Entity, the Managers, and their respective directors, officers, employees, consultants, agents, representatives, partners, advisers, related bodies corporate or affiliates. As a result, any or all of the forward-looking statements in this PDS may turn out to be inaccurate. Factors that may cause such differences or make such statements inaccurate include, but are not limited to, the risk factors described in Section 12.

Potential Unitholders and other readers are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on the forward-looking statements.

These forward-looking statements speak only as at the date of this PDS. Unless required by law, the Responsible Entity does not intend to publicly update or revise any forward-looking statements to reflect new information or future events or otherwise. You should, however, review the factors and risks the Responsible Entity describes in the reports to be filed from time to time with the ASX after the date of this PDS. Some numerical figures included in this PDS have been subject to rounding adjustments. Accordingly, numerical figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that preceded them.

Exposure period

The Corporations Act prohibits the Responsible Entity from processing Applications from retail investors under the Offer in the seven-day period after the date of lodgement of the PDS with ASIC (**Exposure Period**). The Exposure Period may be extended by ASIC for a further period of up to seven days. This PDS will be made generally available to Australian Applicants during the Exposure Period by being posted on the Trust Website.

Applications received from retail investors during the Exposure Period will not be processed until after the expiry of the Exposure Period. No preference will be conferred on any Applications received during the Exposure Period.

The purpose of the Exposure Period is to enable this PDS to be examined by ASIC and market participants prior to the raising of funds under the Offer. The examination may result in the identification of deficiencies in this PDS, in which case any Application received during the Exposure Period may need to be dealt with in accordance with section 1016E of the Corporations Act.

No cooling-off rights

Cooling-off rights do not apply to an investment in the Units pursuant to the Offer. This means that you will be unable to withdraw your Application once it has been accepted.

Rights and obligations attached to the units

Details of the rights and obligations attached to each Unit are set out in Section 14.6 (which summarises the material provisions of the Trust Constitution) and in the Trust Constitution, a copy of which is available on the Trust Website or, during the Offer Period (defined below), by calling the Trust's Offer Information Line (see details below).

Obtaining a copy of this PDS

This PDS will only be provided in electronic form to investors who have a registered address in Australia and who have access to the Cornerstone Offer or the Broker Firm Offer. Persons who access the electronic version of this PDS should ensure that they receive and read the entire PDS. The Offer constituted by this PDS in electronic form is available only to investors who have a registered address in Australia and receive the electronic form of this PDS at their registered address in Australia.

A hard copy of this PDS is also available free of charge during the period between the opening and the closing of the Offer under this PDS (**Offer Period**) to investors who have a registered address

Important Information Continued

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in Australia and who have received it in electronic form at their registered address in Australia, by calling the Offer Information Line on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia) between 8.15am and 5.30pm (Sydney time), Monday to Friday (excluding public holidays), or alternatively, please contact your stockbroker, financial adviser, accountant, lawyer or other professional adviser.

Hard copy and electronic versions of this PDS are not available to persons in other jurisdictions, including the United States.

Applications

The Cornerstone investors have received the details on how to apply under the Cornerstone Offer from their brokers. Cornerstone investors were required to indicate their interest in the Cornerstone Offer by executing a binding pre-commitment letter prior to the close of the Cornerstone Offer.

Applications for the Units under the Broker Firm Offer under this PDS may only be made on either a printed copy of the Application Form accompanying this PDS or via the electronic Application Form that you have received from your Broker together with the electronic version of the PDS.

The Corporations Act prohibits any person from passing the Application Form on to another person unless it is provided together with a hard copy of the PDS or the complete and unaltered electronic version of the PDS. The Responsible Entity is entitled to refuse Applications for the Units under this PDS if it believes that the Applicant did not receive the Offer in Australia.

Website

Any references to documents included on the Trust Website are provided for convenience only, and none of the documents or other information on the Trust Website, or any other website referred to in this PDS, is incorporated in this PDS by reference except where the document or other information is updated information.

Currency

References in this PDS to currency are references to Australian dollars unless otherwise indicated.

Updated information

The information in this PDS is current at the time of preparation. Information in the PDS may need to be updated from time to time. To the extent permitted by law, any updated information in this PDS that is considered as not materially adverse to investors will be made available on the Trust Website. The Unit Registry will provide a copy of the updated information free of charge to any Unitholder who requests a copy by contacting the Trust's Offer Information Line on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia) between 8.15am and 5.30pm (Sydney time), Monday to Friday (excluding public holidays), during the Offer Period.

In accordance with its obligations under the Corporations Act, the Responsible Entity may issue a supplementary PDS to supplement any relevant information not disclosed in this PDS. You should read any supplementary disclosures made in conjunction with this PDS prior to making any investment decision.

Privacy

The Responsible Entity will collect, hold, use and disclose personal information provided by Unitholders to allow it to process your Application, service your needs as a Unitholder, provide facilities and services that you request and carry out appropriate administration of your investment. Your information will also be provided to the Joint Lead Managers who will hold this information on behalf of the Responsible Entity. This means that the Responsible Entity will need to collect your personal information (for example, your name, address and details of the Units that you hold). In most cases, your personal information will be collected directly from you although we may also collect your personal information from third parties such as your broker. Under the Corporations Act, some of this information must be included in the Trust's Unitholder registers, which will be accessible by the public. If you do not provide us with your relevant personal information, the Responsible Entity may not be able to properly administer your investment.

Privacy laws apply to the handling of personal information, and the Responsible Entity will only use or disclose your personal information for the purposes for which it was collected, other related purposes and as permitted or required by law. If you do not wish to provide this information, the Responsible Entity and the Unit Registry may not be able to process your Application.

The Responsible Entity may also share your personal information with its service providers or others who provide services on its behalf, some of which may be located outside of Australia.

Each Unitholder acknowledges that in connection with the services provided by the Trust, their personal data may be transferred or stored in various jurisdictions in which such service providers have a presence, including to jurisdictions that may not offer a level of personal data protection equivalent to the Unitholder's country of residence. Each Unitholder also acknowledges that the service providers may disclose the Unitholder's personal data to each other, to any other service provider to the Trust or to any regulatory body in any applicable jurisdiction to which any of the service providers may be subject. This includes copies of the Unitholder's Application Form and any information concerning the Unitholder in their respective possession, whether provided by the Applicant or otherwise, including details of the Unitholder's holdings in the Trust, historical and pending transactions in the Units and the values thereof, and any such disclosure, use, storage or transfer shall not be treated as a breach of any restriction upon the disclosure, use, storage or transfer of information imposed on any such person by law or otherwise.

For more details on how the Responsible Entity collects, stores, uses and discloses your information, please read the Responsible Entity's privacy policy located at www.eqt.com.au/privacy-statement. Alternatively, you can contact the Responsible Entity's Privacy Officer by telephone on +61 3 8623 5000 or by email at privacy@eqt.com.au, and the Responsible Entity will send you a copy of its privacy policy free of charge. It is recommended that you obtain a copy of this privacy policy and read it carefully before making an investment decision.

By completing an Application Form or authorising a broker to do so on your behalf, or by providing the Responsible Entity with your personal information, you agree to this information being collected, held, used and disclosed as set out in this PDS and the Responsible Entity's privacy policy.

The Managers may also collect, use and disclose your personal information provided to the Managers by the Responsible Entity, for Unitholder relations purposes in accordance with its privacy policy. The Responsible Entity's privacy policy is located on the Trust Website. The Responsible Entity's privacy policy also contains information about how you can access and seek correction of your personal information, complain about a breach by the Responsible Entity of the Australian privacy laws, and how the Responsible Entity will deal with your complaint.

No advice or duty disclaimer of Joint Lead Arrangers and Joint Lead Managers

No Joint Lead Arranger or Joint Lead Manager nor any of their respective related bodies corporates or affiliates nor any of their respective directors, officers, employees, consultants, agents, representatives, partners or advisers (collectively, the **"Lead Manager Parties"**) act as the adviser of or owe any fiduciary or other duties to any recipient of this PDS in connection with the Units and/or any related transaction (including, without limitation, in respect of the preparation and due execution of the transaction documents and the power, capacity or authorisation of any other party to enter into and execute the transaction documents). No reliance may be placed on any Lead Manager Party for financial, legal, taxation, accounting or investment advice or recommendations of any sort.

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Persons contemplating purchasing the Units should make their own decision as to the sufficiency and relevance for their purpose of the information contained in this PDS and any other offering documentation in respect of the Units, undertake their own independent investigation of the appropriateness of Units for them taking into account their financial and taxation circumstances, investment objectives and particular needs and take all appropriate advice from qualified professional persons as they deem necessary. Any investment decision should rely on that investigation and appraisal and not on this PDS.

The Joint Lead Arrangers and the Joint Lead Managers are not underwriting the Offer.

Conflicts of Interest

The Lead Manager Parties are full service financial institutions involved in a wide range of financial services and businesses including (without limitation) to varying degrees:

- securities issuing, securities trading, brokerage activities, the provision of retail, business, private, commercial and investment banking, investment management, corporate finance, credit and derivatives trading, research products and services and the provision of finance; and
- issuing, arranging the distribution of, and distributing, and the provision of advice in connection with, securities and other financial products;
- financial advisory, provision of retail, business, private, commercial and investment banking, investment management, corporate finance, credit and derivative products, brokerage, investment research, principal investment, hedging, market making, the provision of finance, including (without limitation) in respect of securities of, or loans,

including (without limitation) to, or in connection with, customers, shareholders, investors or other persons directly or indirectly involved, or associated with the Responsible Entity and the Managers, or the transactions arising from or relating to the Offer and their respective related bodies corporate and affiliates, and their respective officers, directors, employees, partners, advisers, contractors and agents (**Relevant Persons**). The Lead Manager Parties may receive fees and other benefits in connection with those activities, out of which conflicting interests or duties may arise. In relation to the Offer under this PDS, the Lead Manager Parties may receive fees and other benefits as set out at section 13.1 (Offer Management Agreement), including section 13.1(b) which outlines the fees payable to the Joint Lead Managers and Joint Lead Arrangers in relation to the Offer. Dollar figures in section 13.1 are rounded to the nearest ten thousand dollars.

In the ordinary course of these activities, each Lead Manager Party may at any time hold long or short positions and investments, and may trade or otherwise effect transactions or take or enforce security, for, or in connection with, its own account or the accounts of Relevant Persons, including through transactions involving debt, equity or hybrid securities loans, financing arrangements, other financial accommodation, financial products or services, in connection with, or which rely on the performance of obligations by, any Relevant Person.

Financial Information

All financial amounts contained in this PDS are expressed in Australian dollars unless otherwise stated. Any discrepancies between totals and sums and components in tables, figures and diagrams contained in this PDS are due to rounding.

Section 6 of this PDS sets out certain financial information of the Trust. The basis of the preparation of the financial information is set out in Section 6.3.

The Pro Forma Financial Information has, except as otherwise noted, been prepared in accordance with the recognition and measurement principles contained in Australian Accounting Standards (as adopted by the Australian Accounting Standards Board), other than that it includes adjustments which have been prepared in a manner consistent with Australian Accounting Standards that reflect the impact of certain transactions as if they occurred as at the Reference Date (defined in Section 6 of this PDS). The financial information is presented in an abbreviated form; it does not include all of the presentation and disclosures required by the Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act.

Non-IFRS Financial Information

Investors should be aware that certain financial data included in this PDS is non-IFRS financial information under Regulatory Guide 230 (Disclosing non-IFRS financial information) published by ASIC. Non-IFRS information can provide useful information to users in measuring the financial performance and condition of the Trust. The non-IFRS measures do not have standardised meaning prescribed by the Australian Accounting Standards and may not be comparable to similarly titled measures prescribed by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with Australian Accounting Standards. Investors are cautioned not to place undue reliance on any non-IFRS financial information, ratios and metrics included in this PDS.

Investigating Accountant's Report on the Financial Information

The Investigating Accountant's Report is provided in Section 7.

Definitions and abbreviations

Defined terms and abbreviations used in this PDS are explained in the Glossary in Section 15.

References in this PDS to currency are to Australian dollars unless otherwise indicated.

Photographs and diagrams used in this PDS that do not have descriptions are for illustrative purposes only and should not be interpreted to mean that any person in them endorses this PDS or its contents or that the assets shown in them are owned by the Trust.

Time

All references to time in this PDS refer to Sydney time unless stated otherwise.

Data

All data contained in charts, graphs and tables is based on information available as at the date of this PDS unless otherwise stated. Unitholders should note that market data and statistics are not inherently predictive, not necessarily reflective of actual market conditions and subject to uncertainty.

Questions

If you have any questions in relation to the Offer or how to apply for Units, please contact the Offer Information Line on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia) between 8.15am and 5.30pm (Sydney time), Monday to Friday (excluding public holidays), during the Offer Period.

Instructions on how to apply for Units under the Broker Firm Offer are set out in Section 10.5 and on the Application Form you should obtain from your Broker. If you have any questions about whether to invest in the Units, you should seek professional advice from your stockbroker, accountant, lawyer or other qualified professional adviser.

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Letter from the Investment Manager

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Dear Investor,

We would like to thank you for your interest in participating in the subscription for ordinary units (**Units**) in the Kapstream Investment Trust (**Offer**). Under the Offer, investors are invited to apply for Units at $2 per Unit (**Issue Price**) to raise a minimum of $200 million, with a maximum of $300 million. The investment strategy of the Trust is to invest predominantly in a diversified portfolio of Investment Grade[1] Australian and global fixed income securities (**Fixed Income Securities**) as well as Australian private Asset Backed Securities typically in the form of warehouse financing (**Warehouse Financing**) as described in Section 4 (**Investment Strategy**). Reflecting this Investment Strategy, the proceeds of the Offer will be initially used by the Issuer to invest in the Investment Manager's funds, consisting of the Kapstream Absolute Return Income Fund (ARSN 124 152 790), the Kapstream Absolute Return Income Plus Fund (ARSN 627 095 676) and the Kapstream Private Investment Fund (ABN 88 494 425 225) (**Underlying Funds**). The Underlying Funds, in turn, invest predominantly in Fixed Income Securities and securitised Warehouse Financing, consistent with the Investment Strategy of the Trust.

The Trust aims to provide regular Distributions (expected monthly[2]) on the Units, targeting a return of RBA Cash Rate[3] + 3.50% per annum (pre-tax, net of management fees and costs).[4]

The Units seek to provide investors with a means of diversifying their own portfolios and generating regular income. We expect the Units will have lower correlation to domestic and international listed equity markets and are expected to have greater correlation to bond and credit markets.

The Units are intended to be quoted on the ASX, with the ticker code 'KIT'.

All Offer Expenses are borne by the Investment Manager and are not paid by the Trust (i.e., there will be no charge back, loan, or other recovery mechanism utilised to reimburse the Investment Manager for such fees and costs).

ABOUT KAPSTREAM

The Trust and the Underlying Funds are managed by Kapstream Capital Pty Limited (ABN 19 122 076 117; AFSL 308870) (**Investment Manager** or **Kapstream**). Kapstream is responsible for the investment management decisions of the Trust including the allocation of funds from the Trust into the Underlying Funds.

Kapstream is a wholly-owned subsidiary of Janus Henderson Group plc ("**JHG**"), a British-American global asset management group headquartered in London. JHG is incorporated in Jersey and is listed on the New York Stock Exchange (NYSE). Kapstream was incorporated in Sydney in 2006 and is a leading choice for institutional investors seeking an alternative approach to fixed income, combining capital preservation techniques with unconstrained portfolio management skills in the pursuit of stable, absolute returns.[5]

ABOUT MANTIS

Mantis Funds Pty Ltd (ABN 77 640 207 021; CAR No. 001281645) (Operations Manager or Mantis) is responsible for the operational and compliance aspects of the Trust, as well as managing service providers and investor relations.

Mantis is a boutique platform launched in 2020 focused on the alternative investment space. The team is comprised of executives who have extensive experience partnering with, operating, and growing boutique fund managers.

KEY BENEFITS

Key benefits to Unitholders of the Trust investing in the Units may include:

- Private debt investments: These include securitised debt such as Warehouse Financing. Investors will gain exposure to Australian Warehouse Financing private debt assets, which may provide higher yield, greater diversification and shorter duration, and which have been traditionally difficult for investors to access;
- Unconstrained approach: Investing wherever the best risk-adjusted opportunities can be found by Kapstream, whether in public or private, domestic or offshore markets;
- Flexibility: Ability to meaningfully shift exposure to different geographies, sectors, and credit securities to meet its return and risk objectives;

1 Predominantly based on Internal Ratings. For further details on Internal Ratings, please refer to Section 4.5 and consider the risks associated with this as set out in Section 12.3(o).
2 Note that monthly payments may vary significantly and the target return is only per annum.
3 This is the actual RBA Cash Rate on a day-to-day basis over the relevant period.
4 This is only a target and may not be achieved. The actual return of the Trust may be lower than the target return and may vary from month-to-month. There may be periods in which no distributions are made or the Responsible Entity may make interim distributions. An investment in the Trust is subject to risk, including capital loss. Please refer to the summary of key risks in Section 12.
5 There is no guarantee that any objectives may be achieved.

Letter from the Investment Manager Continued

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- Income stream: Provides exposure to Investment Grade[6] bonds and other fixed income instruments, providing the potential for a superior monthly income stream compared to conventional 'core' fixed income funds;
- Diversification: A flexible, unconstrained approach results in a diversified portfolio that can be complementary to other asset classes;
- Investment process: A robust, proven investment process;
- Transparent fees: All income (including commitment fees, undrawn fees, line fees, upfront fees, loan fees, base rate, margin, default fees and any transaction fees) generated from private debt assets is passed on to investors;
- No performance fees: The Managers will only be entitled to a management fee. No performance fee will be payable to the Managers;
- Active interest rate risk management: The Manager typically hedge interest rate risk when purchasing fixed rate assets by taking active, tightly managed views on interest rate movements using derivatives within a disciplined range, aiming to maintain short duration exposure;
- Alignment: The Investment Manager is an active fixed income specialist aligned via management fees. The Managers act only as managers and do not operate an internal loan intermediary business, and therefore do not generate any income from any interest rate differential at the expense of the Trust; and
- Capital management initiatives: Various capital management initiatives create additional liquidity.

RISKS

The Investment Manager may be unsuccessful in providing all these benefits to the Unitholders. An investment in the Units is subject to a range of risks, which are more fully detailed in Section 12 of the PDS. Key risks to the Units include:

- the risk that the Investment Strategy will not be able to generate sufficient income to generate distributions to the Unitholders;
- the risk that the portfolio will not be as diversified as contemplated;
- due to the Units being traded on the ASX, there is potential for the price of Units to trade at a discount to their NAV; and
- the impact of credit and default risk, interest rate risk and liquidity risk, among other risks.

If any of these risks or other material risks eventuate, there will likely be an adverse impact on the Trust's future financial performance and position and may impact the return on investment.

An investment in the Units also carries investment risks such as loss of invested capital, inability to buy and sell Units on the ASX, volatility of returns, and the Units not delivering the income set out above.

FURTHER INFORMATION

The PDS contains important information regarding the Offer. We encourage you to read it carefully and in its entirety, including Section 12. If you have any questions, you should seek relevant professional advice before making an investment decision.

It is important to note that the Broker Firm Offer is expected to open at 9 am (Sydney time) on 24 February 2026 and close at 5 pm (Sydney time) on 4 March 2026. Details of the Offer and how to invest are contained in Section 10.

If you would like further information regarding the Offer please contact the Offer Information Line on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia) between 8.15am and 5.30pm (Sydney time), Monday to Friday (excluding public holidays), during the Offer Period.

For other questions, you should consult your broker, solicitor, accountant, taxation adviser, financial adviser or other professional adviser without delay. You should be aware that the Responsible Entity and the Managers have not had regard to your individual circumstances or needs, including your personal taxation or financial position, in issuing this PDS and accompanying information to you. If you have any doubt about whether you should invest in the Offer, you should seek professional advice before making any investment decision.

Yours sincerely,
Kapstream Capital Pty Ltd

6 Predominantly based on Internal Ratings. For further details on this, please refer to Section 4.5 and consider certain risks associated with this set out in Section 12.3(o).

Key Offer Information

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Key dates for the Offer	
Lodgement of PDS	Monday, 16 February 2026
Opening Date of the Broker Firm Offer	9.00am, Tuesday, 24 February 2026
Closing Date of the Broker Firm Offer	5.00pm, Wednesday, 4 March 2026
Allotment Date of Units under the Offer	Wednesday, 18 March 2026
Expected date for dispatch of Holding Statements	Thursday, 19 March 2026
Expected commencement of trading of Units on the ASX on a normal settlement basis	Monday, 30 March 2026

Note: The dates shown above are indicative only and may change without notice. The Issuer, in consultation with the Joint Lead Arrangers and Joint Lead Managers, reserves the right to vary these dates, including whether to close the Offer early, extend the Closing Date or accept late Applications, without notice. The Opening Date may be affected by any extension of the Exposure Period. The Offer may close early so you are encouraged to ensure that your Application Form is submitted as soon as possible after the Opening Date.

Key Offer statistics	Minimum Amount $200 million	Maximum Amount $300 million
Issue Price per Unit under the Offer	$2	$2
Total number of Units to be offered under the Offer	100,000,000	150,000,000
Cash proceeds of the Offer	$200,000,000	$300,000,000
Total number of Units on issue after completion of the Offer	100,000,000	150,000,000
Gross proceeds of the Offer	$200,000,000	$300,000,000
Percentage of all Units that will be owned by Applicants under the Offer, following completion of the Offer	100%	100%

If the Minimum Amount is not raised, the Issuer will withdraw the Offer. In addition, the Issuer reserves the right, subject to the Corporations Act and the ASX Listing Rules, to withdraw the Offer at any time before the issue of the Units. If the Offer does not proceed for any reason, all Application Monies will be refunded (without interest) to the Applicants as soon as practicable.

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1. Investment Overview

1. Investment Overview

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This section provides a summary of information that is key to a decision to invest in the Units. This is a summary only. Investors should read this entire PDS carefully. You should also consult your licensed broker, solicitor, accountant, taxation adviser, financial adviser or other professional adviser.

TOPIC	SUMMARY	WHERE DO I GO FOR FURTHER DETAILS?
Overview		
Who issues this PDS?	Equity Trustees Limited (ACN 004 031 298 AFSL 240 975) (**Equity Trustees**) is the responsible entity of the Kapstream Investment Trust (**Responsible Entity**), and the issuer of the Units and this PDS (**Issuer**). The Issuer holds an AFSL that permits it to act as responsible entity of the Kapstream Investment Trust (**Trust**). The Responsible Entity is an independent professional trustee and a subsidiary of EQT Holdings Limited (ACN 607 797 615). The Trust is a recently established Australian registered managed investment scheme structured as a unit trust. The Trust has been registered with ASIC pursuant to Chapter 5C of the Corporations Act.	Section 4
What are the Units?	The Units are ordinary units in the Trust and will be issued at $2 per Unit. The Issuer has applied or will apply after the date of this PDS for admission of the Trust to the Official List of the ASX and for Units to be quoted on the ASX, which are expected to trade under ASX code 'KIT'.	
Who are the directors of the Responsible Entity?	The directors of the Responsible Entity are: • Mick O'Brien; • Russell Beasley; • David Warren; • Andrew Godfrey; and • Johanna Platt. Biographies of these directors are set out in Section 5.1.	Section 5.1
What are the key Offer details?	The Offer is for the issue of Units to raise the Minimum Amount of $200 million and Maximum Amount of $300 million. The **"Issue Price"** is $2 per Unit.	Section 10
What is the purpose of the Offer?	The purpose of this PDS is to raise funds to allow the Issuer initially to acquire units in the Underlying Funds. The Trust may also acquire a portfolio of direct assets that fall within the Investment Strategy and may also invest in other funds managed by Kapstream in line with the Investment Strategy of the Trust as described below and in Section 4.	Section 3 and Section 10.3

1. Investment Overview Continued

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TOPIC	SUMMARY	WHERE DO I GO FOR FURTHER DETAILS?
Important matters to be aware of	**ASX-listed** The Units are expected to be quoted on the ASX under code 'KIT' and may be traded on the ASX. Unitholders may seek to sell their Units on the ASX, but there is no guarantee that they will be able to do so or do so at the Issue Price or an acceptable price. This may particularly be the case if the Trust's financial position or performance, or broader economic or market conditions, materially deteriorate. **Seek professional advice** An investment in the Units is subject to a number of risks. You should seek professional guidance from your financial or other licenced professional adviser before deciding whether to invest.	
Investment Strategy		
What is the Investment Strategy of the Trust?	The Responsible Entity of the Trust has entered into a tripartite Investment Management Agreement with the Managers, authorising the Investment Manager to provide investment management and other services to the Responsible Entity. As such, the Investment Manager will be responsible for implementing the Investment Strategy of the Trust under the supervision of the Responsible Entity. The Investment Strategy of the Trust is to invest predominantly in a diversified portfolio of Investment Grade[7] Australian and global fixed income securities (**Fixed Income Securities**) as well as Asset Backed Securities typically in the form of warehouse financing (**Warehouse Financing**). The Trust may also hold Cash on a temporary or limited basis. Reflecting the Investment Strategy, the proceeds of the Offer will initially be used by the Issuer to invest in the Investment Manager's funds, consisting of the Kapstream Absolute Return Income Fund (ARSN 124 152 790), the Kapstream Absolute Return Income Plus Fund (ARSN 627 095 676) and the Kapstream Private Investment Fund (ABN 88 494 425 225) (**Underlying Funds**). The Underlying Funds, in turn, invest predominantly in Fixed Income Securities and securitised Warehouse Financing, consistent with the Investment Strategy of the Trust. The Trust may over time also acquire a portfolio of direct assets that fall within the Investment Strategy and may, subject to applicable law and the ASX Listing Rules, also invest in other funds managed by Kapstream that provide exposure to assets that fall within the Investment Strategy.	Section 4

7 Predominantly based on Internal Ratings. For further details on this, please refer to Section 4.5 and consider certain risks associated with this set out in Section 12.3(o).

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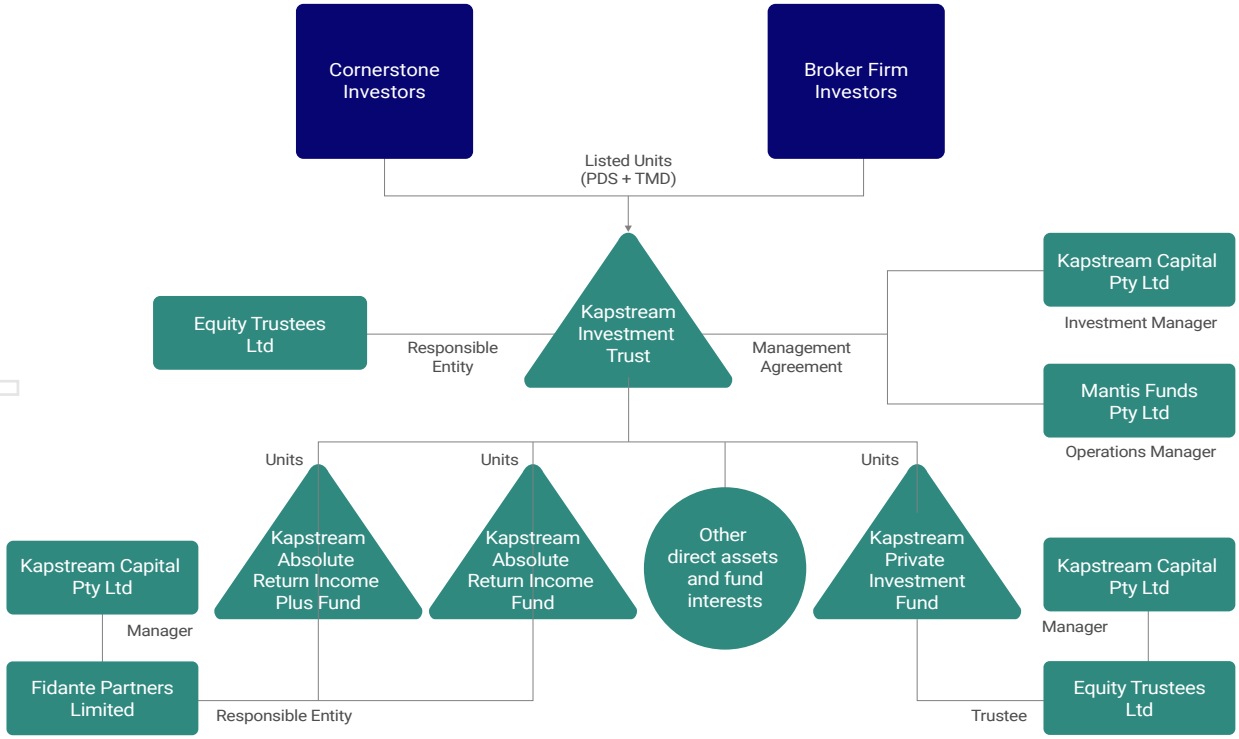
TOPIC	SUMMARY	WHERE DO I GO FOR FURTHER DETAILS?
What is the Investment Strategy of the Trust? continued	The Investment Strategy of the Trust aims to provide regular Distributions (expected monthly[8]) on the Units, targeting a return of RBA Cash Rate[9] + 3.50% per annum (pre-tax, net of management fees and costs). This is only a target and may not be achieved, and the actual return of the Trust may be lower than the target return and may vary from month to month. There may be periods in which no distributions are made, or the Responsible Entity may make interim distributions. An investment in the Trust is subject to risk, including capital loss. Please refer to the summary of key risks in Section 12. The allocation ranges[10] of the Trust are: • 0%-100% in Fixed Income Securities; • 0%-75% in Warehouse Financing; and • 0%-25% in Cash. These are targets only and the Investment Manager may deviate from these allocation ranges in view of market circumstances, taking into account the best interest of Unitholders. **Further details** For further details on the Investment Strategy, please see Section 4. Also, investments in some investment categories are subject to various risks including those described in Section 12.3. This may in some cases involve conflict of interest and related party transaction-related risks and investors should therefore also review the related party considerations and conflict management summary in Section 14.8. A summary of the management fee implications flowing from the Trust's investment activities is set out in Section 9. **Summary explanation of investment categories and concepts** For your convenience, please see below the following summary definitions of key concepts used above: • **Fixed Income Securities** includes but is not limited to Investment Grade[11] Australian and global fixed income securities, government and non-government bonds, notes, corporate securities, mortgage-backed and asset-backed securities, emerging market debt, convertible securities, fixed income exchange traded funds, derivatives, including repurchase agreements, swaps, futures, foreign exchange contracts and options, cash and enhanced cash instruments. There are particular risks associated with this asset class including those set out in Section 12.3(b). Please see Section 4.1 for further information.	Section 4

8 Note that monthly payments may vary significantly and the target return is only per annum.
9 This is the actual RBA Cash Rate on a day-to-day basis over the relevant period.
10 Allocation ranges are provided as a guide to how the portfolio is expected to be invested. Dependent on market conditions and other factors such as liquidity needs or underlying portfolio performance the actual asset allocations may vary from these ranges. Separately, see Section 4.2 for implied allocation ranges based on the Initial Portfolio. There is a risk that actual underlying portfolio will fall outside these ranges if the Manager is unsuccessful in implementing the Investment Strategy as described in Section 12.3(a).
11 Predominantly based on Internal Ratings. For further details on this, please refer to Section 4.5 and please consider certain risks associated with this set out in Section 12.3(o).

1. Investment Overview Continued

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TOPIC	SUMMARY	WHERE DO I GO FOR FURTHER DETAILS?
What is the Investment Strategy of the Trust? continued	• **Warehouse Financing** consists of investing in Asset Backed Securities in the form of Australian securitised 'warehouse' finance facilities. Warehouse Financing is a form of private debt securitisation which provides capital to lenders to 'on-lend' and is a critical part of lending businesses, commonly in the nonbank sector. Underlying borrowers are widely diversified across mortgage, auto, personal, professional, and other receivable and loan types. There are particular risks associated with this asset class including those set out in Section 12.3(c). • **Asset backed securities (ABS)** are a type of debt instrument in which the interest and principal payments are secured against the performance of an underlying pool of assets and paid through monthly payment of interest and principal by the end borrower of these loans, such as home loans (residential mortgages), auto loans, and other forms of consumer loans. This form of finance is known as "securitisation".	Section 4
Trust structure		
What is the Trust structure?	The structure is depicted below:	Section 3



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TOPIC	SUMMARY	WHERE DO I GO FOR FURTHER DETAILS?
Underlying Funds		
What are the Underlying Funds?	The Trust will, at least initially, invest into units in the Underlying Funds issued by Fidante Partners Limited (ABN 94 002 835 592, AFSL 234668) (**Fidante**) as the responsible entity of the Kapstream Absolute Return Income Fund (ARSN 124 152 790) and the Kapstream Absolute Return Income Plus Fund (ARSN 627 095 676) and issued by Equity Trustees Limited (ACN 004 031 298; AFSL 240975) (**EQT**) as the trustee of the Kapstream Private Investment Fund (Fidante and EQT are referred to as the **Underlying Fund Trustees**). Unitholders will have an indirect exposure to the Kapstream Absolute Return Income Fund, the Kapstream Absolute Return Income Plus Fund and the Kapstream Private Investment Fund (**Underlying Funds**) through their Units in the Trust. The Investment Manager is the manager of the Trust and the Underlying Funds. This may in some cases involve conflict of interest and related party transaction related risks, and investors should therefore also review the related party considerations and conflict management summary in Section 14.8. The Responsible Entity is also the trustee of the Kapstream Private Investment Fund. This may in some cases involve conflict of interest risk and investors should therefore also review Section 14.7. The key features and terms of the Underlying Funds are set out in Section 3.	Section 3
What are the Underlying Funds investment strategies?	Kapstream Absolute Return Income Plus Fund and the Kapstream Absolute Return Income Fund invest predominantly in Fixed Income Securities as described in Section 4.3. The Kapstream Private Investment Fund invests predominantly in Warehouse Financing and also in certain Fixed Income Securities as described in Section 4.3.	Section 4.3
Who is the Investment Manager?		
Who is the Investment Manager?	Kapstream Capital Pty Ltd (ABN 19 122 076 117; AFSL 308870) (**Kapstream** or **Investment Manage**r) has entered into a tripartite Investment Management Agreement with the Issuer and Mantis authorising the Investment Manager to provide investment management and other services to the Issuer. Kapstream is responsible for investment management decisions of the Trust including the allocation of funds raised by the Trust. Kapstream is also the manager of the Underlying Funds. Kapstream is a wholly-owned subsidiary of Janus Henderson Group plc ("JHG"), a British-American global asset management group headquartered in London. JHG is incorporated in Jersey and is currently listed on the New York Stock Exchange (NYSE). Kapstream was incorporated in Sydney in 2006 and is a leading choice for institutional investors seeking an alternative approach to fixed income, combining capital preservation techniques with unconstrained portfolio management skills in the pursuit of stable, absolute returns.	Section 5.2

1. Investment Overview Continued

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TOPIC	SUMMARY	WHERE DO I GO FOR FURTHER DETAILS?
Who are the directors of the Investment Manager?	The Kapstream board is responsible for the overall governance, management, and strategic direction of the Investment Manager. The board is chaired by Daniel Siluk, with Alex Veroude of Janus Henderson and Dylan Bourke also as serving directors. Daniel Siluk and Dylan Bourke are both Managing Directors of Kapstream.	Section 5.2
Who is the Operations Manager?	Mantis Funds Pty Ltd (ABN 77 640 207 021; CAR No. 1281645) (**Mantis** or **Operations Manager**) has entered into a tripartite Investment Management Agreement with the Issuer and Kapstream authorising the Operations Manager to advise the Issuer on the operational and compliance aspects of the Trust as well as managing service providers and investor relations services. Mantis is a corporate authorised representative (CAR No. 001281645) of Mantis Financial Group Pty Ltd (ABN 94 614 846 963; AFSL 492452). Mantis and Kapstream have a long-standing commercial relationship and Mantis is entitled to a share of the Management Fees from the Trust as long as it acts as its operations manager, as set out in Section 9.	Section 5.2
What are the Management Fees?	The Managers are entitled to receive a management fee of up to 1.39% per annum of the Gross Asset Value (see Section 9) (**Management Fees**). An estimate of the management fees payable to the Managers based on Gross Asset Value of $200 million (reflecting GAV if the Minimum Amount is raised under this Offer) is $2.78 million per annum. An estimate of the management fees payable to the Managers based on Gross Asset Value of $300 million (reflecting the GAV if the Maximum Amount is raised under this Offer) is $4.17 million per annum. These are estimates noting the actual amount of Management Fees will be calculated based on the actual Gross Asset Value from time to time.	Section 9
Overview of the Offer		
When is the Offer Period?	The Broker Firm Offer is expected to open at 9.00am (Sydney time) on 24 February 2026 and is expected to close at 5.00pm (Sydney time) on 4 March 2026.	"Key Dates" Section and Section 10.4
What is the amount to be raised?	The Offer is for the issue of Units to raise a minimum of $200 million and maximum of $300 million.	Section 10.2
Is the Offer underwritten?	The Offer is not underwritten. The Joint Lead Arrangers and the Joint Lead Managers are not underwriting the Offer.	Sections 10.1 and 10.4
What are the fees payable to the Joint Lead Arrangers and Joint Lead Managers?	See section 13.1 for information relating to the appointment of the Joint Lead Managers and Joint Lead Arrangers and details of fees payable by the Managers to the Joint Lead Managers and Joint Lead Arrangers. The estimated aggregate fees payable by the Managers to the Joint Lead Arrangers and Joint Lead Managers are approximately between $5.25 million (exclusive of GST) if the Minimum Amount is raised and $7.75 million (exclusive of GST) if the Maximum Amount is raised.	Section 13.1

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TOPIC	SUMMARY	WHERE DO I GO FOR FURTHER DETAILS?
Are there any circumstances where the Offer will not proceed?	The Offer is subject to quotation approval by ASX. If the Minimum Amount is not raised, the Issuer will withdraw the Offer. In addition, the Issuer reserves the right, subject to the Corporations Act and the ASX Listing Rules, to withdraw the Offer at any time before the issue of the Units. If the Offer does not proceed for any reason, all Application Monies will be refunded (without interest) to the Applicants as soon as reasonably practicable.	Section 10.4
Who can apply for Units?	The Offer is only open to investors who are eligible to participate under the Cornerstone Offer or Broker Firm Offer. The offering will consist of: • a Cornerstone Offer to Institutional Investors that have been invited to participate in the Cornerstone Offer by the Managers and the Joint Lead Managers. The cornerstone process has raised commitments of $145 million; and • a Broker Firm Offer to Institutional Investors and to retail investors who have a registered address in Australia, who have received a firm allocation from their broker to participate in the Broker Firm Offer. No general public offer of Units will be made under the Offer. Members of the public wishing to apply for Units under the Offer must be within the Target Market and must do so through a Broker with a firm allocation of Units under the Broker Firm Offer.	Section 10.4
When to apply under the Broker Firm Offer?	Your Application Form and your payment must be received by the Closing Date, expected to be 5.00 pm on 4 March 2026. You must contact your Broker for information on how to submit the Application Form. The Broker Firm Offer may close early so you are encouraged to ensure that your Application Form is submitted as soon as possible after the Opening Date.	Section 10.4
How can I apply under the Cornerstone Offer?	If you are applying for Units under the Cornerstone Offer, you should have received the details on how to apply under the Cornerstone Offer from your Broker.	Section 10.4
How can I apply under the Broker Firm Offer?	Please refer to Section 10.5 below on how to apply for Units under the Broker Firm Offer.	Section 10.5
What is the allocation policy?	The allocation of Units under the Offer is determined by the Responsible Entity and Investment Manager in agreement with the Joint Lead Arrangers and Joint Lead Managers. Allocations to Cornerstone Investors will be advised to those investors under the Cornerstone Offer.	Section 10.6
Is there a minimum application size?	The application must be for a minimum of 2,500 Units ($5,000), and multiples of 500 Units ($1,000) thereafter.	Section 10.5

1. Investment Overview Continued

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TOPIC	SUMMARY	WHERE DO I GO FOR FURTHER DETAILS?
Is brokerage, commission or stamp duty payable?	No brokerage or stamp duty is payable on your Application (unless you have separately agreed to pay a fee to your broker or adviser). You may have to pay brokerage on any subsequent trading on your Units on the ASX after the Units have been quoted on the ASX.	Section 10.4
What are the key taxation implications of participating in the Offer?	A general description of the Australian taxation consequences of investing in the Units is set out in Section 11. However, the taxation implications of investing in the Units will depend on each investor's individual circumstances. Applicants should seek their own tax advice prior to applying for Units under the Offer.	Section 11
When will the Units be issued?	The Issuer expects that the Units will be issued on 18 March 2026 (**Allotment Date**).	"Key Dates" Section
When will I receive confirmation that my Application under the Broker Firm Offer has been successful?	Following the issue of Units, successful Applicants will receive a Holding Statement setting out the number of Units issued to them under the Offer. It is expected that Holding Statements will be dispatched on or about 19 March 2026.	"Key Dates" Section
When will the Units begin trading?	The Issuer expects that the Units will commence trading on the ASX on 30 March 2026 on a normal settlement basis.	"Key Dates" Section
Where can I find more information about the Offer?	If, after reading this PDS, you would like further information regarding the Offer please contact your Broker or contact the Offer Information Line on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia) between 8.15am and 5.30pm (Sydney time), Monday to Friday (excluding public holidays), during the Offer Period. For other questions, you should consult your broker, solicitor, accountant, taxation adviser, financial adviser or other qualified professional adviser without delay.	
What are the key benefits of investing in the Units?		
Target return	The Trust aims to provide regular Distributions (expected monthly) on the Units, targeting a return of RBA Cash Rate + 3.50% per annum (pre-tax, net of management fees and costs). This is only a target and may not be achieved, and the actual return of the Trust may be lower than the target return and may vary from month-to-month. There may be periods in which no distributions are made, or the Responsible Entity may make interim distributions. An investment in the Trust is subject to risk, including capital loss. Please refer to the summary of key risks in Section 12. The Trust generally aims to pay Distributions out of income from the Underlying Funds (or directly held assets, as applicable). While not presently intended and only where it is in the interest of investors, Distributions may be paid from investor capital when disclosed.	Sections 4.1 and 12

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TOPIC	SUMMARY	WHERE DO I GO FOR FURTHER DETAILS?
Key benefits of investing in the Units	The Trust aims to provide investors with: • Private debt investments: These include securitised debt such as Warehouse Financing. Investors will gain exposure to Australian Warehouse Financing private debt assets, which may provide higher yield, greater diversification and shorter duration, and which have been traditionally difficult for investors to access; • Unconstrained approach: Investing wherever the best risk-adjusted opportunities can be found by Kapstream, whether in public or private, domestic or offshore markets; • Flexibility: Ability to meaningfully shift exposure to different geographies, sectors and credit securities to meet its return and risk objectives; • Income stream: Provides exposure to Investment Grade[12] bonds and other fixed income instruments, providing the potential for a superior monthly income stream compared to conventional 'core' fixed income funds; • Diversification: A flexible, unconstrained approach results in a diversified portfolio that can be complementary to other asset classes; • Investment process: A robust, proven investment process; • Transparent fees: All income (including commitment fees, undrawn fees, line fees, upfront fees, loan fees, base rate, margin, default fees and any transaction fees) generated from private debt assets is passed on to investors; • No performance fees: The Managers will only be entitled to a management fee. No performance fee will be payable to the Managers; • Active interest rate risk management: The Manager typically hedges interest rate risk upon purchasing fixed rate assets by taking active, tightly managed views on interest rate movements using derivatives within a disciplined range, aiming to maintain short duration exposure; • Alignment: The Investment Manager is an active fixed income specialist aligned via management fees. The Managers act as manager only and do not operate an internal loan intermediary business, and therefore do not generate any income from any interest rate differential at the expense of the Trust; and • Capital management initiatives: Various capital management initiatives to create additional liquidity. The Trust may be unsuccessful in providing all these benefits to the Unitholders. An investment in the Trust is subject to risk, including capital loss. Please refer to the summary of key risks in Section 12.	

12 Predominantly based on Internal Ratings. For further details on this, please refer to Section 4.5 and please consider certain risks associated with this set out in Section 12.3(o).

1. Investment Overview Continued

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TOPIC	SUMMARY	WHERE DO I GO FOR FURTHER DETAILS?
What are the key risks of investing in the Units?		
What are the consequences of the risks eventuating?	An investment in Units is subject to a range of risks. A summary of some key risks is outlined below. As the initial material assets of the Trust are the Trust's holdings in the Underlying Funds, the risks of the Underlying Funds are also relevant risks of the Units in the Trust. If any of these risks or other material risks relating to the Underlying Funds eventuate, they may have a material adverse impact on the performance or value of Units. The following paragraphs summarise some of the risks. They are not a complete list of the risks. Please refer to Section 12 for further details. If you have any questions, you should seek relevant professional advice before making an investment decision.	Section 12
Risks associated with the Units	An investment in the Units carries investment risks such as loss of invested capital, inability to buy and sell Units on the ASX, volatility of returns, and the Units not delivering the income set out above. Due to the Units being traded on the ASX, there is potential for the price of Units to trade at a discount to their NAV. Distribution entitlements are non-cumulative, meaning a Unitholder is not entitled to recover any additional amount if the Responsible Entity does not make a distribution in a particular month, if there is insufficient distributable income in that month.	Section 12
Conflict of interest risk	In line with the Investment Strategy, the Trust will initially invest in units of the Underlying Funds and may, over time, also invest in other funds managed by Kapstream. The Investment Manager acts as the manager of the Underlying Funds. The Managers may also act as manager of other funds (and segregated accounts on behalf of other clients) which have similar investment objectives to the Trust, including funds that also invest in the Underlying Funds, or with a similar strategy. This may create a potential conflict of interest for the Managers. The Managers have implemented policies and procedures to identify and mitigate such potential conflicts of interest as summarised in Section 14.8. However, it is possible the Managers may, in the course of business, have potential conflicts of interest which may not be managed effectively and may be detrimental to the Unitholders.	Section 12.2(h)
Liquidity risks	The liquidity of an investment in the Trust depends on the ability to trade Units on ASX and the availability of buy-back opportunities. The Trust aims to offer quarterly limited off-market buybacks, subject to the Responsible Entity determining that such buy-backs are in the best interest of Unitholders, adequate funding, and applicable law. The liquidity of the Underlying Funds may be limited as set out in Section 14.5. As the assets of the Trust (including the units in the Underlying Funds) may not be liquid, the Trust may therefore not be able to redeem the necessary assets to offer Unitholders the opportunity to have their Units bought back under quarterly off-market buyback offers.	Sections 12.4(b), 12.3(h), 12.3(e), 12.2(j) and 12.2(k)

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TOPIC	SUMMARY	WHERE DO I GO FOR FURTHER DETAILS?
Private debt asset risks	As the Trust is exposed to private debt assets, the Trust's returns and performance will also be subject to the risks associated with private debt assets. For example: **Credit and default risk** Credit risk is the risk that one or more of the loan investments made declines in value, does not generate interest or is not repaid when due because a borrower experiences a deterioration in its financial situation. **Interest rate risk** There are interest rate exposures meaning returns will vary depending on interest rate movements from time to time.	Sections 12.3(i) and 12.3(n)
Leverage risk	The Trust and Underlying Funds may use leverage periodically when it is in the interest of their respective unitholders, including for the purpose of implementing their investment strategies or to repurchase units in the Trust. Borrowings may be from a variety of sources, including related entities. Where funds are borrowed from related entities, the terms are set on a commercial and arm's length basis and will be for reasonable remuneration as further described in section 14.8. The availability and terms of borrowings are subject to the market for borrowings (including market conditions in debt and other markets), and therefore borrowings may not always be available. Lenders may refuse to provide borrowings, renew an existing borrowing facility, or refuse to renew on commercially acceptable terms. This may be for reasons specific to the Underlying Funds or due to market-wide events. There are a number of risks associated with the use of leverage, including the risk that the income from the underlying investments fails to cover the interest or principal payments of borrowings when they fall due. The inability to do so may give rise to the facility provider taking action under the relevant facility terms to recover amounts owed. The facility provider would generally rank senior to Unitholders and would have a higher claim over the underlying investments.	Section 12.3(s)
Risks in relation to derivatives	The Investment Manager intends to use derivatives and other hedging techniques primarily as a risk management tool for interest rate and foreign exchange risk at both the Trust and the Underlying Funds level. This may include the use of futures and swaps for interest rate hedging purposes. The Trust and Underlying Funds may also use derivatives to generate returns and to manage duration by gaining or reducing economic exposure to bonds. There are a number of risks associated with the use of derivatives, including the risk that the value of a derivative fails to move in line with that of the underlying asset, loss exceeding the initial investment, collateral risk and counterparty risk. There can be no guarantee or assurance that the use of derivatives will be effective or assist in managing the risk it intends to address and it may result in losses for Unitholders.	Section 12.3(g)

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2. ASIC Benchmarks and Disclosure Principles

2. ASIC Benchmarks and Disclosure Principles

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ASIC Regulatory Guide 240 includes mandatory benchmarks and disclosure principles to help investors better understand the characteristics of a fund and the risks associated with them.

The table below summarises the disclosure principles in ASIC Regulatory Guide 240 and the corresponding information in this PDS and refers investors to sections where this information is dealt with in more detail. The information in this table is current as at the date of this PDS. The disclosure principles and benchmark information will be reviewed annually and will be updated where material changes are identified. The disclosure principles and benchmark information will be available to investors on the Trust Website and can also be obtained free of charge, on request, from the Responsible Entity.

ASIC Benchmark

TOPIC	IS THE BENCHMARK SATISFIED?	SUMMARY	WHERE DO I GO FOR FURTHER DETAILS?
Benchmark 1: Valuation of assets			
This benchmark addresses whether valuations of the Trust's non-exchange traded assets are provided by an independent administrator or an independent valuation service provider.	Yes	The Responsible Entity has appointed an independent administrator, Apex Fund Services Pty Ltd (**Fund Administrator**), to provide administration services for the Trust, including valuation services. The Trust satisfies *Benchmark 1* by having its non-exchange traded assets independently valued by the Fund Administrator in accordance with its valuation policy. At the Underlying Funds level, the Underlying Fund Trustees have subscribed to third-party independent valuers experienced in valuing private debt investments. The portfolios of the Underlying Funds are valued by an independent valuer on a monthly or more frequent basis. The Trust will also apply this to any direct non-exchange traded assets it acquires over time. The Underlying Funds satisfy *Benchmark 1* by having non-exchange traded assets independently valued by an independent valuer in accordance with the Underlying Funds' Trustees' valuation policies.	Section 14.4
Benchmark 2: Periodic reporting			
This benchmark addresses whether the Responsible Entity of the Trust will provide periodic disclosure of certain key information specified by ASIC on an annual and monthly basis.	Yes	The Responsible Entity satisfies this benchmark. The Responsible Entity will provide periodic disclosure of certain key information, prepared by the Managers, for the Trust and the Underlying Funds on an annual, quarterly and monthly basis. Both Managers have responsibility to support the Responsible Entity and provide such information required for periodic reporting. The following information will be made available to all investors on an **annual** basis as soon as practicable after each financial year: • the actual allocation to asset types; • the liquidity profile of the portfolio assets as at the end of the period;	

2. ASIC Benchmarks and Disclosure Principles Continued

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TOPIC	IS THE BENCHMARK SATISFIED?	SUMMARY	WHERE DO I GO FOR FURTHER DETAILS?
This benchmark addresses whether the Responsible Entity of the Trust will provide periodic disclosure of certain key information specified by ASIC on an annual and monthly basis. continued	Yes	• the maturity profile of the liabilities as at the end of the period; • the overall leverage ratio as at 30 June ; • the derivative counterparties engaged; • the annual investment returns since inception (or over the last 5 years); and • where there have been changes since prior reporting, an overview of key service providers including any changes in the provider's related party status. The latest report addressing the above matters will be available on the Trust Website. The following reporting information will be provided to all investors on a **quarterly** basis on the ASX and will be made available on the Trust Website: • number of investments and borrowers in the portfolio; • percentage of loans and/or related borrowers representing greater than 5% of the Trust assets and, in that case, the specific percentage of the Trust assets; • percentage of the Trust assets where loans may be stressed or impaired, including number of loans in arrears and time in arrears; • proportion of distributions paid from (i) cash income from investments and (ii) other sources; • number of loans and percentage of the fund by value not paying cash interest (e.g. by using payment in kind (PIK) instead); and • percentage of fund invested in credit rating bands (Investment Grade or non-Investment Grade). The following reporting information will be provided to all investors on a **monthly** basis on the ASX and will be made available on the Trust Website: • the current total NAV of the Trust; • where there have been changes since prior reporting, an overview of key service providers including any changes in the provider's related party status; • return performance (current month, year-to-date and since inception); and • the Trust's net return after fees, costs and taxes, any material change in the Trust's risk profile, any material change in the Trust's strategy, and any change in the individuals playing a key role in investment decisions for the Trust.	

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ASIC Disclosure Principles

TOPIC	SUMMARY	WHERE DO I GO FOR FURTHER DETAILS?
Investment strategy	The Investment Strategy of the Trust is to invest in a diversified portfolio of Australian and global Investment Grade fixed income securities (**Fixed Income Securities**) as well as Asset Backed Securities in the form of warehouse financing (**Warehouse Financing**). The Trust may also hold Cash on a temporary or limited basis. Initially, the Trust will be predominantly invested in units in the Underlying Funds. Kapstream Absolute Return Income Plus Fund and the Kapstream Absolute Return Income Fund invest predominantly in Fixed Income Securities and the Kapstream Private Investment Fund invests predominantly in Warehouse Financing and also in certain liquid Fixed Income Securities as described in Section 4.3. The Trust may over time also acquire a portfolio of direct assets that fall within the Investment Strategy and may, subject to applicable law and the ASX Listing Rules, also invest in other funds managed by Kapstream that provide exposure to assets that fall within the Investment Strategy.	Section 4
Managers	The Responsible Entity Trust and the Underlying Fund Trustees of the Underlying Funds have appointed the Investment Manager as investment manager. The Responsible Entity of the Trust has appointed Mantis as the Operations Manager of the Trust. Mantis is also the third party marketer of the Kapstream Private Investment Fund. See section 5 for information relevant to the expertise of the Managers and sections 13.2 and 13.3 for a summary of the investment management agreements under which the Managers have been appointed. Under the Investment Management Agreement between the Managers and the Responsible Entity, the Responsible Entity may terminate the relevant Manager's appointment where the Manager goes into liquidation, ceases to carry on business in relation to its activities as, relevantly, an investment manager or funds manager, materially breaches the Investment Management Agreement, or sells or transfers its main business. If a Manager is terminated following one of these events, the Manager's appointment ceases upon any termination date specified in the notice, and the Manager is entitled to receive fees in accordance with the agreement until the effective date of termination. If the Investment Management Agreement is terminated other than for cause, the Managers are also entitled to a termination fee as described in Section 9.3. Where only one of the Managers is terminated, the remaining manager has the right to propose a suitable replacement manager. The investment management agreement between the Underlying Fund Trustees and the Investment Manager (in respect of the relevant class of the relevant Underlying Fund) commenced on: • 31 May 2007 in respect of Kapstream Absolute Return Income Fund; • 16 August 2018 in respect of Kapstream Absolute Return Income Plus Fund; and • 31 January 2024 in respect of Kapstream Private Investment Fund, and have no set term.	Section 5

2. ASIC Benchmarks and Disclosure Principles Continued

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TOPIC	SUMMARY	WHERE DO I GO FOR FURTHER DETAILS?
Managers continued	The Underlying Fund Trustees may terminate the agreements without cause by giving to the Investment Manager 90 calendar days in the case of the Kapstream Absolute Return Income Fund and the Kapstream Absolute Return Income Plus Fund and 5 business days' written notice in case of the Kapstream Private Investment Fund. The Underlying Fund Trustees may also immediately, by written notice to the Investment Manager, terminate the agreement where a receiver, receiver and manager, administrative receiver or similar person is appointed with respect to assets and undertakings of the Investment Manager, where the Investment Manager goes into liquidation, ceases to carry on business as an investment manager, breaches the terms of the agreement and fails to remedy the breach within the time specified, sells or transfers its main business and undertaking, (for the Kapstream Absolute Return Income Fund and Kapstream Absolute Return Income Plus Fund) ceases to hold necessary legal authorisations to operate as an investment manager, or (for the Kapstream Private Investment Fund) relevant law requires the agreement to terminate.	Section 5
Fund structure	The Trust is an Australian unit trust registered under the Corporations Act as a managed investment scheme. The responsible entity of the Trust is Equity Trustees Limited (ACN 004 031 298; AFSL 240975) (**Responsible Entity**). Equity Trustees Limited may appoint service providers to assist in the ongoing operation, management and administration of the Trust. The key service providers to the Trust are the Managers as described above. The Fund Administrator is the administrator of the Trust, and the Custodian is the custodian of the assets of the Trust. The Unit Registry provides the registry services in relation to the Units in the Trust. See section 5 for further information on the Managers and Responsible Entity's role in monitoring the performance of service providers to the Trust. See also section 3.1 for a Trust structure diagram. Kapstream Absolute Return Income Plus Fund and the Kapstream Absolute Return Income Fund are Australian unit trusts registered as managed investment schemes. The Kapstream Private Investment Fund is an unregistered Australian unit trust. The Underlying Fund Trustees have appointed service providers to assist in the ongoing operation, management and administration of the Underlying Funds. The key service providers to the Underlying Funds are the Investment Manager as investment manager of the Underlying Funds, and the Underlying Fund Administrators, who are administrators and unit registrars of the Underlying Funds. Mantis is also the third party marketer of the Kapstream Private Investment Fund.	Sections 3 and 5

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TOPIC	SUMMARY	WHERE DO I GO FOR FURTHER DETAILS?
Valuation, location and custody of assets	The Fund Administrator is the administrator of the Trust and provides administrative, accounting, and transfer agency services to the Trust. The Unit Registry provides unit registry services to the Trust. The Fund Administrator is responsible for calculating the Trust's NAV. The approach to valuation is set out in Section 14.4. The Custodian is the custodian and provides custodial services for the Trust. The Underlying Fund Trustees have each appointed external independent fund administrators (**Underlying Fund Administrators**) to determine their respective Underlying Fund's NAV as set out in Section 14.4, and who also provide custodial services to the Underlying Funds. The Trust's assets will initially comprise units in the Underlying Funds and Cash. The intended types of assets, the allocation ranges and the location of the assets held by the Underlying Funds are described in Section 4.3. The Trust may over time also acquire a portfolio of direct assets that fall within the Investment Strategy and may, subject to applicable law and the ASX Listing Rules, also invest in other funds managed by Kapstream that provide exposure to assets that fall within the Investment Strategy.	Sections 4 and 14.4
Liquidity	The liquidity of an investment in the Trust depends on the ability to trade Units on ASX and the availability of buy-back opportunities. Redemption of the Trust's units in the Underlying Funds is limited and at the discretion of the Underlying Fund Trustees as set out in Section 3.2 and Section 14.5. The Trust aims to offer quarterly limited off-market buybacks to provide additional liquidity.	Section 14.2
Leverage	The Trust and Underlying Funds may use leverage periodically when it is in the interest of their respective unitholders as described in Section 4, including for the purpose of implementing their investment strategy or to repurchase units in the Trust.	Section 4
Derivatives	The Trust and Underlying Funds intend to use derivatives and other hedging techniques primarily as a risk management tool for interest rate and foreign exchange risk. This may include the use of futures and swaps for interest rate hedging purposes. The Trust and Underlying Funds may also use derivatives for return enhancement and to manage duration by gaining or reducing economic exposure to bonds as described in Section 4. There are specific risks associated with using hedging and derivatives. See Section 12.3(g) for further information.	Section 4
Short selling	The Trust and the Underlying Funds will not engage in short selling.	Section 4
Withdrawals	The Trust will not generally offer withdrawals. However, the Responsible Entity of the Trust intends to make quarterly off-market buy-back offers, subject to the limits described in Section 14.2.	Section 14.2

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3. About the Trust and the Underlying Funds

3. About the Trust and the Underlying Funds

This Section provides a summary of information about the Trust and the Underlying Funds. This is a summary only. This Section should be read in conjunction with the rest of this PDS.

3.1 Overview of the Trust and Units

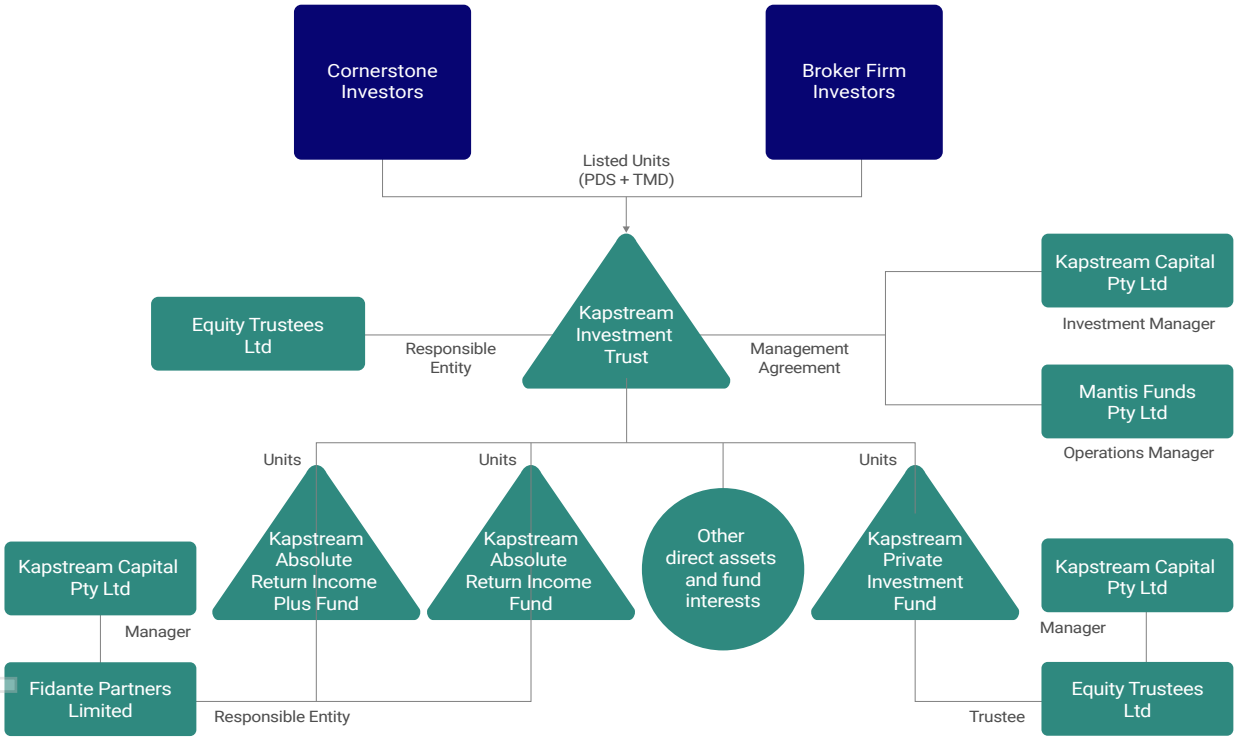
TOPIC	SUMMARY
What is the Trust?	The Kapstream Investment Trust (**Trust**) is a newly constituted managed investment scheme, in the form of a unit trust, which has been registered with ASIC. Following completion of the Offer, it is proposed that the Trust will be listed on the ASX. The Responsible Entity of the Trust is Equity Trustees Limited (ACN 004 031 298; AFSL 240975).
Who are the managers of the Trust?	The managers of the Trust are Kapstream Capital Pty Limited (ACN 122 076 117; AFSL 308870) as Investment Manager and Mantis Funds Pty Ltd (ACN 77 640 207 021; CAR No. 1281645) as Operations Manager (**Managers**).
What are the Management Fees?	The Managers are entitled to receive a management fee of up to 1.39% per annum of the Gross Asset Value (see section 9). An estimate of the management fees payable to the Managers based on Gross Asset Value of $200 million (reflecting GAV if the Minimum Amount is raised under this Offer) is $2.78 million per annum. An estimate of the management fees payable to the Managers based on Gross Asset Value of $300 million (reflecting the GAV if the Maximum Amount is raised under this Offer) is $4.17 million per annum. These are estimates noting that the actual amount of management fees will be calculated based on the actual Gross Asset Value from time to time.
Will the Units be quoted on the ASX?	The Issuer will apply on or shortly after the date of this PDS for admission of the Trust to the Official List of the ASX and for Units to be quoted on the ASX, which are expected to trade under ASX code 'KIT'.
What is the subscription price of the Units?	The Units will be issued at $2 per Unit.

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3. About the Trust and the Underlying Funds Continued

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TOPIC	SUMMARY
What are the assets of the Trust?	The Investment Strategy of the Trust is to invest in a diversified portfolio of Australian and global Investment Grade[13] fixed income securities (**Fixed Income Securities**) as well as Asset Backed Securities including warehouse financing (**Warehouse Financing**). The Trust may also hold Cash on a temporary or limited basis. The assets of the Trust will initially comprise a holding of units in the Underlying Funds (**Underlying Funds Units**), in addition to temporary or limited holdings of Cash. The Trust may over time also acquire a portfolio of direct assets that fall within the Investment Strategy and may, subject to applicable law and the ASX Listing Rules, also invest in other funds managed by Kapstream that provide exposure to assets that fall within the Investment Strategy. The Investment Strategy is described in more detail in Section 4. The structure is depicted below:



The Trust and Underlying Funds may use leverage periodically when it is in the interest of their respective unitholders as described in Section 4, including for the purpose of implementing their investment strategy or to repurchase units in the Trust.

The Trust and Underlying Funds may also invest in derivatives primarily as a risk management tool for interest rate and foreign exchange risk. The Trust and Underlying Funds may also use derivatives to generate returns and to manage duration by gaining or reducing economic exposure to bonds. See 4.3 and 12.3(g) for further information on the use of derivatives.

13 Predominantly based on Internal Ratings. For further details on this, please refer to Section 4.5 and please consider certain risks associated with this set out in Section 12.3(o).

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TOPIC	SUMMARY
What are the Trust's allocation ranges?	The allocation ranges[14] over the life of the Trust are: • 0%-100% in Fixed Income Securities; • 0%-75% in Warehouse Financing; and • 0%-25% in Cash. Upon completion of the initial deployment of the Trust's capital, the allocation ranges to the Underlying Funds will be: • Kapstream Private Investment Fund (**KPIF**): 50%; and • Kapstream Absolute Return Income Plus Fund (**KARIPF**) and Kapstream Absolute Return Income Fund (**KARIF**): 50% (consisting of 45% in KARIPF and 5% in KARIF). There may be small holdings of cash on initial deployment. These are targets only and the Investment Manager may deviate from these allocations ranges in view of market circumstances, taking into account the best interest of Unitholders.
Who is on the Trust's Investment Committee?	The members of the Investment Committee of the Trust are also directors of the Investment Manager and comprise: • Daniel Siluk; and • Dylan Bourke. The Investment Committee is empowered to make investment decisions for the Trust. Please refer to Section 5.4 for their biographies and Section 14.8 for their potential conflicts of interest.
Who is the Fund Administrator?	Apex Fund Services Pty Ltd (ACN 118 902 891; AFSL 303253) is the Fund Administrator of the Trust.
Who is the Unit Registry of the Trust?	Boardroom Pty Limited (ACN 003 209 836) is the Unit Registry of the Trust.
Who is the Custodian of the Trust?	EQT Australia Pty Ltd (ACN 111 042 132; AFSL 1262369) is the Custodian of the assets of the Trust, being initially the Underlying Fund Units and Cash.
What are the target Distributions to Unitholders?	The Trust aims to provide regular Distributions (expected monthly) on the Units, targeting a return of RBA Cash Rate + 3.50% per annum (pre-tax, net of management fees and costs). This is only a target and may not be achieved, and the actual return of the Trust may be lower than the target return and may vary from month to month. There may be periods in which no distributions are made, or the Responsible Entity may make interim distributions. An investment in the Trust is subject to risk, including capital loss. Please refer to the summary of key risks in Section 12. The Trust generally aims to pay Distributions out of income from the Underlying Funds (or directly held assets, as applicable). While not presently intended and only where it is in the interest of investors, Distributions may be paid from investor capital when disclosed.

14 Allocation ranges are provided as a guide to how the portfolio is expected to be invested. Dependent on market conditions and other factors such as liquidity needs or underlying portfolio performance the actual asset allocations may vary from these ranges. See also Section 4.2 for allocation ranges of the Initial Portfolio. There is a risk that actual underlying portfolio will fall outside these ranges if the Investment Manager is unsuccessful in implementing the Investment Strategy as described in Section 12.3(a).

3. About the Trust and the Underlying Funds Continued

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TOPIC	SUMMARY
When will the Distributions be made?	The Trust targets distributing all income received, net of fees and costs, to the Unitholders as and when received. It is expected that the first distribution will be made approximately one month after the commencement of trading of the Units on the ASX. The Trust has established a 'Distribution Reinvestment Plan' (**DRP**). Please refer to the DRP available on the Trust Website. The Trust will invest the proceeds from the DRP in accordance with the Investment Strategy.
Financial covenants and negative pledge	The Trust may use leverage and may also create any security interests over the assets of the Trust. See Sections 2, 4.1 and 12.3(s) for more information.

3.2 Key terms of Underlying Funds

TOPIC	SUMMARY
What are the Underlying Funds?	The following funds managed by the Investment Manager: • Kapstream Absolute Return Income Fund (**KARIF**), an Australian open-ended registered unit trust (ARSN 124 152 790); • Kapstream Absolute Return Income Plus Fund (**KARIPF**), an Australian open-ended registered unit trust (ARSN 627 095 676); and • Kapstream Private Investment Fund (**KPIF**), an Australian open-ended unregistered unit trust. Please refer to section 4.3 for further information on the Underlying Funds.
Who are the Underlying Fund Trustees?	Fidante Partners Limited (ACN 002 835 592; AFSL 234 668) (**Fidante**) is the responsible entity of Kapstream Absolute Return Income Fund and Kapstream Absolute Return Income Plus Fund. Equity Trustees Limited (ACN 004 031 298; AFSL 240975) (**EQT**) is the trustee of the Kapstream Private Investment Fund. The Underlying Fund Trustees have had no involvement in, and do not make any statement set out in, this PDS.
Who is the manager of the Underlying Funds?	Kapstream Capital Pty Limited (ACN 122 076 117; AFSL 308870).
Who is the fund administrator and unit registry of the Underlying Funds?	For KARIF and KARIPF, Fidante Partners Limited (ACN 002 835 592; AFSL 234 668). For KPIF, Artega Investment Administration Pty Limited (ACN 661 042 093; AFSL 549937). The fund administrator and unit registry of the Underlying Funds have had no involvement in, and do not make any statement set out in, this PDS.
Who is the custodian of the Underlying Funds?	For KARIF and KARIPF, State Street Global Advisors, Australia, Limited (ACN 003 914 225; AFSL 238 276). For KPIF, Artega Investment Administration Pty Limited (ACN 661 042 093; AFSL 549937). The custodians of the Underlying Funds have had no involvement in, and do not make any statement set out in, this PDS.

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TOPIC	SUMMARY
Who is on the Underlying Funds' investment committee?	The investment committees of the Underlying Funds are also directors of the Investment Manager and comprise: • Daniel Siluk; and • Dylan Bourke. The Investment Committee is empowered to make investment decisions for each of the Underlying Funds. Dylan Bourke is also a portfolio manager in KARIF, KARIPF and KPIF. Daniel Siluk is a portfolio manager in KARIF and KARIPF. Mark Bayley is a portfolio manager in KPIF. Please refer to Section 5.4 for their biographies and Section 14.8 for their potential conflicts of interest.
What type of securities will the Trust hold in the Underlying Funds?	The Trust invests in I class units of KARIPF, I class units in KARIF, and I class units in KPIF. All three Underlying Funds have other classes of units on issue. However, the difference with these other classes is limited to the fee structure.
What are the Underlying Funds' investment strategies?	The Kapstream Absolute Return Income Plus Fund and the Kapstream Absolute Return Income Fund invest predominantly in Fixed Income Securities as described in Section 4.3. The Kapstream Private Investment Fund invests predominantly in Warehouse Financing and also in certain liquid Fixed Income Securities as described in Section 4.3.
Do the Underlying Funds' use leverage and/or derivatives?	The Underlying Funds may use leverage (see Sections 2, 4 and 12.3(s) for more information). The Underlying Funds also use derivatives and other hedging techniques primarily as a risk management tool for interest rate and foreign exchange risk. This may include the use of futures and swaps for interest rate hedging purposes. The Underlying Funds may also use derivatives to generate returns and to manage duration by gaining or reducing economic exposure to bonds as described in Section 4.3. There are specific risks associated with using hedging and derivatives. See Section 12.3(g) for further information.
What is the distribution frequency of the Underlying Funds	Generally, the Underlying Funds target the following distribution frequency: • KPIF: monthly; • KARIPF: quarterly; and • KARIF: quarterly. However, note that in each of the Underlying Funds there may be periods in which reduced or no distributions are paid and there is no guaranteed level of distributions. Due to the frequency of distributions in the Underlying Funds, monthly distributions at the Trust level could vary significantly. Each of KPIF, KARIPF and KARIF distribute all net income (including loan fees, base rate, margin, commitment fees and any transaction fees as well as default related fees) generated from its assets to their respective unitholders (including the Trust) and they do not make use of any vehicles to lend to borrowers at a higher rate than is passed on to their unitholders for the same discrete loan. The Trust will not reinvest any distributions received from the Underlying Funds but will distribute the net amounts to its Unitholders. The Unitholders may, however, elect to reinvest through the DRP of the Trust.

3. About the Trust and the Underlying Funds Continued

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TOPIC	SUMMARY
How will liquidity be generated from the Underlying Funds?	In order to seek liquidity to satisfy the Buy-Back Agreements resulting from proposed off-market buy-back offers described in Section 14.2(a), the Trust may need to redeem Underlying Fund Units. The redemption of Underlying Fund Units is at the discretion of the relevant Underlying Fund Trustee as further described in section 14.5. However, the Investment Manager will use reasonable endeavours, subject to the interest of all Underlying Fund investors, to ensure liquidity is available at the Underlying Fund level to allow for such redemptions of Underlying Fund Units. The Investment Manager also expects the Underlying Funds to have significant liquidity from income, fixed income maturities, proceeds from issuing additional Underlying Fund Units, and potentially proceeds from asset sales and debt facilities. For KARIF and KARIPF, redemption requests are accepted daily, with processing and payment typically within five business days of receipt of a valid withdrawal request. In certain circumstances, KARIF and or KARIPF may suspend withdrawal requests for up to 60 days. Under the respective fund constitutions, the responsible entity may also decide it is fair to all unitholders to spread a redemption request across more than one redemption date. For KPIF, withdrawal requests require 30 days' notice ahead of the end of a calendar quarter. Every calendar quarter, valid withdrawals are processed, with payment typically within 21 days of the quarter end. Each quarter has a limit of 5% of NAV available to be withdrawn. Should withdrawal requests exceed that level, they will be scaled back on a pro-rata basis. The decision to make a quarterly off-market buyback offer is subject to the Responsible Entity determining that the offer is in the best interests of Unitholders, adequate funding and applicable law. Alternatively, in any relevant quarter, the Investment Manager may request Related Funds to make an Acquisition Offer as described in section 14.2(b) instead of the quarterly off market buy-back offer. The decision to make an Acquisition Offer is subject to the relevant Related Fund determining that it is in the best interest of its investors, adequate funding, and applicable law.

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4. Investment Strategy

4. Investment Strategy

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4.1 What is the Investment Strategy?

The Responsible Entity of the Trust has entered into a tripartite Investment Management Agreement with the Managers, authorising the Investment Manager to provide investment management and other services to the Responsible Entity. As such, the Investment Manager will be responsible for implementing the Investment Strategy of the Trust under the supervision of the Responsible Entity

The investment strategy of the Trust is to invest predominantly in a diversified portfolio of Investment Grade[15] Australian and global fixed income securities (**Fixed Income Securities**) as well as Australian private Asset Backed Securities typically in the form of warehouse financing (**Warehouse Financing**). The Trust may also hold Cash on a temporary or limited basis.

The proceeds of the Offer will be initially used by the Issuer to invest in the Investment Manager's funds, reflecting the Investment Strategy, consisting of the Kapstream Absolute Return Income Fund (ARSN 124 152 790), the Kapstream Absolute Return Income Plus Fund (ARSN 627 095 676) and the Kapstream Private Investment Fund (ABN 88 494 425 225) (**Underlying Funds**).

The Trust may over time also acquire a portfolio of direct assets that fall within the Investment Strategy and may, subject to applicable law and the ASX Listing Rules, also invest in other funds managed by Kapstream that provide exposure to assets that fall within the Investment Strategy.

The Investment Strategy of the Trust aims to provide regular Distributions (expected monthly[16]) on the Units, targeting a return of RBA Cash Rate[17] + 3.50% per annum (pre-tax, net of management fees and costs). This is only a target and may not be achieved, and the actual return of the Trust may be lower than the target return and may vary from month to month. There may be periods in which no distributions are made, or the Responsible Entity may make interim distributions. An investment in the Trust is subject to risk, including capital loss. Please refer to the summary of key risks in Section 12.

The allocation ranges[18] of the Trust are:

- 0%-100% in Fixed Income Securities;
- 0%-75% in Warehouse Financing; and
- 0%-25% in Cash.

These are targets only and the Investment Manager may deviate from these allocation ranges in view of market circumstances, taking into account the best interest of Unitholders.

Kapstream will explore opportunities in both Australian and global markets, potentially investing in securities across the range of global markets including, to a limited extent, emerging market countries.

Fixed Income Securities

This component of the Investment Strategy consists of investing, indirectly or directly in, Investment Grade[19] global fixed income securities, according to the Investment Manager's global macroeconomic and market views.

Kapstream adopts a rigorous evaluation process incorporating both top-down global macro views and bottom-up risk analysis to each of its investments to create a portfolio that has the potential to deliver higher returns than cash, with moderate volatility in the unit price.

The Investment Manager draws on information from many sources, such as economic roundtables, investment banks, brokers, rating agencies and central banks. Kapstream employs a rigorous, documented evaluation process for individual trades, first confirming that a prospective security meets the Investment Manager's global macroeconomic view, then incorporating various decision variables such as duration, yield curve, country, sector and volatility, which is supported by the investment team's research and analysis.

The investment universe may include, but is not limited to, government and non-government bonds, notes, corporate securities, mortgage-backed and asset-backed securities, Secured Loans, senior loans, Corporate Loans, Commercial Real Estate Loans, high-yield bonds, emerging market debt, convertible securities or equity-like securities or equity, fixed income exchange traded funds, derivatives, including repurchase agreements, swaps, futures, foreign exchange contracts and options, cash and enhanced cash instruments. The Investment Manager will explore opportunities in both Australian and global markets, potentially investing in securities across the range of global markets and, to a limited extent, emerging market countries.

15 Predominantly based on Internal Ratings. For further details on this, please refer to Section 4.5 and please consider certain risks associated with this set out in Section 12.3(o).
16 Note that monthly payments may vary significantly and the target return is only per annum.
17 This is the actual RBA Cash Rate on a day-to-day basis over the relevant period.
18 Allocation ranges are provided as a guide to how the portfolio is expected to be invested. Dependent on market conditions and other factors such as liquidity needs or underlying portfolio performance the actual asset allocations may vary from these ranges. See also Section 4.2 for allocation ranges of the Initial Portfolio. There is a risk that the actual underlying portfolio will fall outside these ranges if the Manager is unsuccessful in implementing the Investment Strategy as described in Section 12.3(a).
19 Predominantly based on Internal Ratings. For further details on this, please refer to Section 4.5 and please consider certain risks associated with this set out in Section 12.3(o).

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Warehouse Financing

This component of the Investment Strategy consists of investing in Asset Backed Securities in the form of Australian securitised 'warehouse' finance facilities (**Warehouse Financing**). Warehouse Financing is a form of private debt securitisation which provides capital to lenders to 'on-lend' and is a critical part of lending businesses, commonly in the nonbank sector. Underlying borrowers are widely diversified across mortgage, auto, personal, professional, and other receivable and loan types. The Investment Manager undertakes rigorous, documented credit assessments of potential investments.

Warehouse financing facilities are typically one-to-three-year arrangements that fund loans until they are 'termed out' into the public mortgage-backed and asset-backed security markets. Banks generally provide the senior funding, which carries the lowest risk and return, while investment is typically focused on the middle 'mezzanine' or Subordinated Debt, which potentially offer a more attractive balance of risk and return. Originators may invest their own capital in the bottom (junior or equity) notes, which suffer any losses first and therefore create a strong incentive to originate high-quality loans. Credit protections typically include stop-funding and amortisation events, triggered by arrears or losses, which protect financiers by ceasing further lending and accelerating repayment if lending deteriorates.

The Investment Manager fundamentally seeks to exploit the high illiquidity premia that exists in private debt such as warehouse investments versus comparable public investments including securitised investments but will also maintain a constant but minor exposure to more liquid assets to provide some liquidity to investors who may wish to make occasional withdrawals from the strategy.

The Investment Manager's current focus in this space is predominantly on Australian securitised warehouse investments given the Investment Manager's view that this is a consistently attractive asset class through the cycle. Warehouse facilities may offer additional return to investment managers who provide efficient and timely financing. Additionally, warehouse investments may be more diversified than other private debt sub-sectors and have a shorter maturity profile, both of which are attractive characteristics in the Investment Managers' opinion.

4.2 Initial Portfolio

The proceeds raised by the Offer will initially be invested into units (**Underlying Fund Units**) of the following Underlying Funds:

- Kapstream Absolute Return Income Fund (ARSN 124 152 790) and the Kapstream Absolute Return Income Plus Fund (ARSN 627 095 676) which invest predominantly in Fixed Income Securities;
- Kapstream Private Investment Fund (ABN 88 494 425 225) which invests predominantly in Warehouse Financing and also in certain liquid Fixed Income Securities.

Each Underlying Fund Trustee has also entered into a management agreement with the Investment Manager authorising the Investment Manager to provide investment management and other services to the relevant Underlying Fund. The Manager applies an innovative, flexible approach to fixed income and credit portfolio management to the Underling Funds.

The indicative portfolio composition outlined below is indicative only (for the initial period after the initial deployment phase), and the Responsible Entity may hold assets outside these ranges or parameters. The actual composition will be determined around the time of investment, following the issue of Units to investors under this PDS and adjusted taking into account prevailing market conditions.

Upon completion of the initial deployment of the Trust's capital, the allocation ranges to the Underlying Funds will be:

- Kapstream Absolute Return Income Plus Fund (**KARIPF**) and Kapstream Absolute Return Income Fund (**KARIF**): 50% (consisting of 45% in KARIPF and 5% in KARIF); and
- Kapstream Private Investment Fund (**KPIF**): 50%.

This is only a target and will vary during the life of the fund.

Each of KPIF, KARIPF and KARIF distribute all net income (including loan fees, base rate, margin, commitment fees and any transaction fees as well as default related fees) generated from its assets to their respective unitholders (including the Trust) and they do not make use of any vehicles to lend to borrowers at a higher rate than is passed on to their unitholders for the same discrete loan.

The Trust will not reinvest any distributions received from the Underlying Funds but will distribute the net amounts to its Unitholders.

The Trust may from time-to-time also acquire a portfolio of direct assets that fall within the Investment Strategy and may, subject to applicable law and the ASX Listing Rules, also invest in other funds managed by Kapstream that provide exposure to assets that fall within the Investment Strategy.

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4.3 Underlying Funds investment strategies

A summary of some of the key features of the investment strategies of the Underlying Funds is outlined below.

Kapstream Private Investment Fund (KPIF) investment strategy

KPIF offers investors access to high-yielding investments predominantly in Australian and New Zealand securitised 'warehouse' finance facilities. The Trust will invest in Class I Units of KPIF, where the Investment Manager (as manager of this Underlying Fund) aims to invest at least 50% of assets into Warehouse Financing or Asset Backed Securities.

For liquidity purposes, KPIF aims to invest about 10% (but up to 50%) in more liquid Fixed Income Securities (such as public securitised assets, corporate and government bonds, and funds) and the remainder in Cash.

The allocation ranges for KPIF are:

- Warehouse Financing or securitised 50% to 130%;
- Fixed Income Securities 0% to 25%; and
- Cash 0% to 50%.

Australian and New Zealand domiciled investments are generally no less than 50% of KPIF's net asset value.

The above are targets only and the Investment Manager may deviate from these allocations ranges in view of market circumstances, taking into account the best interest of unitholders in KPIF.

As an indication before initial deployment of the Trust's capital into KPIF, based on the allocation at 31 December 2025, KPIF is expected to have an allocation of approximately:

- Warehouse Financing 93%;
- Fixed Income Securities 7%; and
- Cash 0%.

This is only the expected allocation at such time and will vary during the life of the fund.

KPIF will be permitted to use leverage, provided that the portfolio's market value does not exceed 100% of the NAV unless covered by cash or cash-like investments (including under 1 year duration Investment Grade investments). The use of leverage will be through the use of derivatives as permitted in the investment mandate and can result in the use of gross or net leverage in the Fund. The Fund is permitted to use derivatives for risk management or return enhancement purposes.

KPIF is focused predominantly on Australian dollar denominated assets. Where it does invest in non-Australian dollar securities, the Investment Manager will aim to mitigate any currency risk by hedging most, if not all, of KPIF's investments back to the Australian dollar.

Kapstream Absolute Return Income Plus Fund (KARIPF) investment strategy

KARIPF offers investors access to investments in Fixed Income Securities.

The Trust will invest in Class I units of KARIPF.

Their asset allocation ranges[20] are:

- Fixed Income Securities[21] 0% to 100%; and
- Cash 0% to 100%.

Investment Grade[22] securities, including cash and cash equivalents, will range between 75% to 100% of the net asset value of KARIPF.

Non-Investment Grade[23] securities, including high yield bonds, will range between 0% to 25% of KARIPF's net asset value.

The above are targets only and the Investment Manager may deviate from these allocation ranges in view of market circumstances, taking into account the best interest of unitholders in KARIPF.

As an indication before initial deployment of the Trust's capital into KARIPF, based on the allocation at 31 December 2025, KARIPF is expected to have an allocation of approximately:

- Fixed Income Securities[24] 100%; and
- Cash 0%.

20 Allocation ranges are provided as a guide to how the portfolio is expected to be invested. Dependent on market conditions and other factors such as liquidity needs or underlying portfolio performance, the actual asset allocations may vary from these ranges. See also Section 4.2 for allocation ranges of the Initial Portfolio. There is a risk that actual underlying portfolio will fall outside these ranges if the Manager is unsuccessful in implementing the Investment Strategy as described in Section 12.3(a).

21 This also includes exposures gained through derivatives.

22 Predominantly based on Internal Ratings. For further details on this, please refer to Section 4.5 and consider certain risks associated with this set out in Section 12.3(o).

23 Predominantly based on Internal Ratings. For further details on this, please refer to Section 4.5 and consider certain risks associated with this set out in Section 12.3(o).

24 This also includes exposures gained through derivatives and 8% warehouse financing.

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KARIPF is permitted to use derivatives to gain exposure when they offer a more cost-effective way of purchasing the underlying security. Derivatives may also be used to implement investment decisions (including hedging), managing the duration of the Fund, and as a risk management tool (such as managing the effect of interest rates or foreign currency movements). They may also be used to adjust or implement investment decisions and to gain,or avoid, exposure to a particular market rather than purchasing physical assets. Kapstream does not intend to gear the Fund through the use of derivatives.

Kapstream actively manages the currency exposure of the KARIPF's investments. Kapstream may hold non-Australian dollar denominated securities which may be fully, partially or not hedged back to the Australian dollar, or direct currency. Kapstream may hold up to a maximum of 15% of the portfolio in non-Australian dollar currency positions which is comprised of direct investments into currencies and the portion of non-Australian dollar denominated securities which are not hedged back to the Australian dollar.

Kapstream Absolute Return Income Fund (KARIF) investment strategy

KARIF also offers investors access to investments in Fixed Income Securities.

The Trust will invest in Class I units of KARIF.

The allocation ranges[25] for KARIF are:

- Fixed Income Securities[26] 0% to 100%; and
- Cash 0% to 100%.

Non-Investment Grade[27] securities will range between 0% to 15% of the net asset value of the fund.

Investment Grade[28] securities (including cash and cash equivalents) will range between 85% to 100% of the net asset value of KARIF.

As an indication before initial deployment of the Trust's capital into KARIF, based on the allocation at 31 December 2025, KARIF is expected to have an allocation of approximately:

- Fixed Income Securities[29] 97%; and
- Cash 3%.

KARIF may use leverage periodically, though it will generally not do so other than in exceptional circumstances and only when it is in the interest of unitholders. Borrowings may be from a variety of sources, including related entities. Where funds are borrowed from related entities, the terms are set on a commercial and arm's length basis and will be for reasonable remuneration.

Derivatives can be used for hedging risks such as interest rate, exchange rate and credit risks, or as a risk management tool. Derivatives may also be used on a temporary basis to gain, or avoid, exposure to a particular market rather than purchasing physical assets and may be used to increase (or decrease) the duration of the Fund by gaining economic exposure to bonds. KARIF's net derivative value will not exceed 10% of the net asset value of the of KARIF. Kapstream does not intend to gear the Fund through the use of derivatives.

Kapstream actively manages the currency exposure of the KARIF's investments. Kapstream may hold direct investments in currencies and non-Australian dollar denominated securities which may be fully, partially or not hedged back to the Australian dollar. KARIF is permitted to hold a maximum of 15% of the portfolio in such unhedged non-Australian dollar currency positions.

25 Allocation ranges are provided as a guide to how the portfolio is expected to be invested. Dependent on market conditions and other factors such as liquidity needs or underlying portfolio performance, the actual asset allocations may vary from these ranges. See also Section 4.2 for allocation ranges of the Initial Portfolio. There is a risk that actual underlying portfolio will fall outside these ranges if the Manager is unsuccessful in implementing the Investment Strategy as described in Section 12.3(a).

26 This also includes exposures gained through derivatives.

27 Predominantly based on Internal Ratings. For further details on this, please refer to Section 4.5 and consider certain risks associated with this set out in Section 12.3(o).

28 Predominantly based on Internal Ratings. For further details on this, please refer to Section 4.5 and consider certain risks associated with this set out in Section 12.3(o).

29 This includes exposures gained through derivatives and 4% warehouse financing.

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4.4 Labour Standards, Environmental, Social and Ethical Considerations (ESG Factors)

The Responsible Entity does not take into account labour standards or environmental, social and ethical considerations for the purpose of selecting, retaining or realising investments of the Trust.

As manager of the Underlying Funds, the Investment Manager reviews certain ESG Factors associated with the relevant borrower to assess whether they are likely to have an impact on the borrower's ability to generate cashflows over the life of the proposed investment and whether the credit spread incorporates these risks appropriately in the Investment Manager's opinion. However, the Investment Manager does not have a predetermined view about what amounts to an ESG Factor, and does not use any particular external benchmarks when considering ESG Factors. The Investment Manager currently and generally excludes investments in companies or entities that generate 10% or more of their total sales from: armaments, tobacco, adult entertainment, gambling and extraction, exploration and production of fossil fuels, including utilities that generate more than 10% of their gross revenue from the sale of electricity produced from thermal coal. Whilst the Investment Manager may incorporate certain information or insights relating to ESG Factors as part of its investment process, it is not bound by these considerations and these considerations may change over time.

The Trust therefore may not be suited for investors who wish to exclude particular types of companies or investments on the basis of ESG Factors, or who are looking for funds or investments that meet specific goals relating to ESG Factors.

4.5 Investment Manager's approach to ratings

The Investment Manager uses the investment rating of certain private debt assets as a criterion for investment. The Investment Manager may also disclose credit risk gradings or credit rating equivalents to help investors understand the credit characteristics of its assets.

While some of the private debt assets in the portfolio may be rated by third party rating agencies, most will be private debt assets that have no third-party rating as they are bilaterally structured and negotiated on a proprietary basis. Kapstream expects to, therefore, predominantly use Internal Ratings.

The Investment Manager's Internal Rating framework is derived from methodologies published by public rating agencies, applying such methodologies to the Underlying Credit Investments, as well as benchmarking the Underlying Credit Investments to comparable transactions that have a published rating by public rating agencies. Cash holdings are treated as having the same public rating as the banking institution in which cash is deposited.

However, such an Internal Rating reflects relative and subjective opinion of the Investment Manager on a certain degree of likelihood of the issuer of the rated security to meet its debt obligations when they fall due, or the likelihood of loss in the event of a default of the issuer of the rated security. This opinion may not accurately reflect the credit risk of the security. Kapstream may not have access to the same information that a third-party ratings agency may have. Furthermore, the Internal Ratings may not accurately reflect the true credit risk related to an investment and the Trust and the Underlying Funds (and indirectly the Trust) may in fact be subject to greater credit risk than the risk based on Kapstream's Internal Ratings.

Where an Internal Rating is undertaken, and where such ratings are disclosed, the Manager will seek to provide clarifying disclosure that some of its ratings are internally determined.

The Internal Ratings are not intended to be an investment recommendation or used as a basis for assessing investment merit. They are limited in scope and may be changed or withdrawn at any time. The Internal Ratings are intended to be used by wholesale investors only and should not be relied on by retail investors when making a decision about investing in the Units. Kapstream has established a framework for independent third-party quarterly review of its Internal Rating methodologies. This framework involves all Internal Ratings being reviewed annually, on a quarterly cycle. Watchlist positions or ratings which have changed are reviewed more frequently, such as every quarter.

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5. Responsible Entity and Managers

5. Responsible Entity and Managers

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5.1 Overview of the Responsible Entity

About the Responsible Entity

Equity Trustees Limited is a wholly owned subsidiary of EQT Holdings Limited, which is a public company listed on the Australian Securities Exchange (ASX: EQT). Equity Trustees Limited is the Responsible Entity of the Trust and issuer of this PDS.

Established as a trustee and executorial service provider by a special Act of the Victorian Parliament in 1888, today the EQT Group is a dynamic financial services institution, which continues to grow the breadth and quality of products and services on offer.

Role of the Responsible Entity

The Responsible Entity is responsible for the overall management of the Trust in accordance with its duties to Unitholders. The Responsible Entity's responsibilities and obligations are governed by the Trust Constitution, the Corporations Act and general trust law. Under the Corporations Act and the Trust Constitution, the Responsible Entity is required to act in the best interests of Unitholders.

The role of the Responsible Entity includes:

- monitoring the operations, financial position and performance of the Trust;
- overseeing the risk management and compliance of the Trust;
- ensuring the Trust Constitution meets the requirements of the Corporations Act and the ASX Listing Rules and that the Trust complies with the Trust Constitution; and
- ensuring the Trust's Compliance Plan meets the requirements of the Corporations Act and the ASX Listing Rules and that the Trust complies with the Compliance Plan.

The Responsible Entity will rely on the Managers to implement the Investment Strategy.

Board of the Responsible Entity

The Board of the Responsible Entity (Board) comprises five directors. The Board is committed to promoting and maintaining high standards of integrity and conducting its business professionally and ethically for the benefit of all its stakeholders. The Board, in carrying out its functions, will at all times act honestly, fairly and with integrity.

The directors of Equity Trustees Limited are:

DIRECTOR	EXPERIENCE
	**Michael (Mick) J. O'Brien** *Chair and Executive Director* Mick is the Managing Director of EQT Holdings Limited (Appointed 2016). Mick has broad wealth management experience in superannuation, investment management, insurance and advice, spanning over 30 years in both retail and institutional markets. Mick was formerly CEO and director of Invesco Australia Limited, director of Alliance Capital Management Australia and Chief Investment Officer of AXA Australia, where he was also a director of AXA's Responsible Entities and Regulated Superannuation Entities. As Managing Director of EQT Holdings Limited, Mick is responsible for the overall management of the EQT Group's activities. Mick is a director of several subsidiary companies in the EQT Group. Mick qualified as a Fellow of the Institute of Actuaries of Australia and holds the Chartered Financial Analyst designation.

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DIRECTOR	EXPERIENCE
	**Russell W. Beasley** *Executive Director* Russell Beasley works in a senior advisory capacity within the Corporate & Super Trustee Services business unit. He joined Equity Trustees as Senior Relationship and Product Manager in February 2005. Subsequent appointments within Equity Trustees have included National Manager Corporate Fiduciary Services, Head of Fund Services Australia and Executive General Manager, Fund Services. Russell also acted in the capacity of Chief Risk Officer for Equity Trustees for a period of 9 months to February 2019. Russell has more than 45 years' experience in the financial services industry, holding senior positions within funds management and retail banking. Previous roles include: Communications Manager, MLC Investment Management; Portfolio Manager, National Australia Funds Management; Senior Manager Operations, County Investment Management; and various retail banking appointments within National Australia Bank.
	**David Warren** *Executive Director* David Warren has broad wealth management experience covering superannuation, investment management and insurance. He has over 30 years' experience within retail financial services covering product management and development, business strategy, actuarial and relationship management roles. Previous roles include Program Manager, AustralianSuper, Head of Strategy and Mature Products, AMP and various product, strategy and actuarial roles at AXA Australia.
	**Andrew Godfrey** *Executive Director* Andrew Godfrey has over 30 years of experience in financial services, including leadership roles across superannuation, wealth, financial advice and insurance. His experience has spanned operations, technology, master trusts and administration, client delivery, transformation and change and risk. He has spent significant periods of his career with Mercer where he was COO prior to joining Equity Trustees. Andrew leads the Corporate and Superannuation Trustee Services business.
	**Johanna Platt** *Executive Director* Johanna is an experienced executive with over 20 years' experience in senior Finance roles across a range of industries including Financial Services, Logistics and FMCG. Her experience spans commercial analysis, technology, transformation, operations and accounting. Johanna is a Graduate of the Australian Institute of Company Directors, a Certified Practicing Accountant, and holds a Master of Business Administration from Melbourne Business School and a Bachelor of Engineering (Honours) (Chemical) from the University of Sydney. Johanna is a board member of Mazda Foundation and Experimenta.

5. Responsible Entity and Managers Continued

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5.2 Overview of the Managers

Kapstream is an Australian domiciled, fixed income manager and currently manages in excess of $12.0 billion in assets. Founded in 2006, the firm now operates as an autonomous boutique subsidiary of Janus Henderson Investors. For the Trust, Kapstream is supported by Mantis Funds Pty Ltd, which provides comprehensive investment operations, compliance, and investor relations services.

Kapstream's 12-member investment team (as at 31 December 2025) have longstanding relationships with non-bank lenders, banks and non-bank financial institutions providing sourcing and origination channels that contribute to a highly differentiated opportunity set.

The Kapstream board is responsible for the overall governance, management and strategic direction of the Investment Manager. The board is chaired by Daniel Siluk.

Kapstream is supported by Mantis Funds Pty Ltd which provides investment operations, compliance, and investor relations services in relation to the Trust. Mantis has also been appointed to provide investor relations and distribution services to KPIF. The team at Kapstream and Mantis have long-standing commercial relationships. Mantis is entitled to a share of revenue from the Trust for providing these services. Under the Investment Management Agreement, if Mantis is in default under the relevant provisions, Kapstream has the first right to propose a suitable replacement.

5.3 Track record

The Investment Strategy adopted by the Investment Manager is set out in Section 4. The Investment Manager will implement the Investment Strategy through initially investing into units of the Underlying Funds, in addition to temporary or limited holdings of Cash. The Trust may over time also acquire a portfolio of assets that fall within the Investment Strategy and may also invest in other funds managed by Kapstream in line with the Investment Strategy of the Trust.

The table below is a presentation of the past returns the Investment Manager has achieved simulating an indicative initial allocation to each of the Underlying Funds corresponding with the indicative allocation to be made initially by the Trust following the close of this Offer.

The information has been prepared based on audited accounts for the financial years ending 30 June of each of 2021 to 2025 and unaudited management accounts for the part period ending on 31 December 2025 for each of the Underlying Funds, but adjusted to reflect the simulated impact of the total management fees and costs applicable in relation to an investment in the Trust as contemplated in Section 9 of this PDS (as if they applied instead of the actual management fees and costs borne by those Underlying Funds). ***Past performance is not a reliable indicator of future performance.***

NET PERFORMANCE (SEE NOTE 3)	1 YEAR	2 YEARS	3 YEARS	SINCE INCEPTION
Net returns (gross return rate less simulated management fees and costs) (see Note 1 below)	8.27% p.a.	8.89% p.a.	8.36% p.a.	6.49% p.a.
Benchmark (RBA Cash + 3.5% per annum) (see Note 2 below)	7.38%	7.62%	7.54%	6.42%
Excess Return	0.89%	1.28%	0.82%	0.07%

Source: Kapstream Capital Pty Ltd

Notes: Calculated as at 31 December 2025 (Calculation Date).

Past performance is not a reliable indicator of future performance.

Explanatory notes:

1. For above calculation purposes:
   - The initial simulated allocation is 50% to KPIF, 45% to KARIPF, and 5% to KARIF.
   - The return information used in the above information is the annualised actual return achieved by KARIPF and KARIF over the Reference Period.
   - The return information used for KPIF is based on (a) the performance of KPIF from fund inception (31 January 2024) to the above date; and (b) the performance of the KPIF equivalent strategy deployed via a wholesale mandate over the reference period commencing on commencement of the strategy (1 June 2021) and ending on the Calculation Date.
   - The net return information presented in the above table is the actual gross return achieved by the above funds/strategies, but reduced to take into account a simulated total management fees and costs amount over the Reference Period equivalent to the management fees and costs described in Section 9 of this PDS as if they applied to the gross returns referable to the above funds/strategies.
   - The **Reference Period** is the period from 1 June 2021 until 31 December 2025.
2. For comparison purposes only, the table shows the sum of the actual prevailing RBA Cash Rate and the margin applicable in relation to the Trust's target return, applicable over the reference period used for the above past return figures.
3. As the Trust is newly established, there is no past performance information in relation to the Trust. The above past performance information is based on the performance of the Underlying Funds and is provided for general reference purposes only.

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The above information is provided to demonstrate the track record of the Investment Manager however investors should note that past performance is not a reliable indicator of future performance. Investors should also review the key risks summary set out in Section 12. There is a risk that the Managers may not be able to deliver the target return.

5.4 Who is on the Managers' management teams?

Who is on the Investment Manager's management team?

Biographies of each of the key members of the management of the Investment Manager are provided below. These key members bring to the Investment Manager relevant experience and skills, including industry and business knowledge, financial management and corporate governance experience.

DIRECTOR	EXPERIENCE
	**Dylan Bourke CFA** *Managing Director and Portfolio Manager* Mr Bourke leads the Australian office of Kapstream and is a member of the Investment Committee. Mr Bourke joined Kapstream in 2014. He is responsible for credit analysis and portfolio management, and as a member of the firm's Investment Committee, is jointly responsible for oversight of investment strategy and portfolio leadership. Prior to joining Kapstream, Mr Bourke served as an Associate Analyst for Moody's Investors Service (**Moody's**), focusing on Australian structured finance products for over three years. While at Moody's, Mr Bourke conducted extensive analysis on securitisations. Additionally, he published numerous articles, culminating in two Moody's global structured finance research awards. Prior to Moody's, Mr Bourke spent two years as a Credit Analyst at Macquarie Bank conducting financial institution and corporate counterparty analysis. He also worked for six months on the Macquarie Special Situation Fund building valuation models, conducting due diligence on subordinated debt-issuance, bridge financing, and unlisted equity investments. Mr Bourke commenced his investment career as an analyst within Macquarie Special Situations Group and Risk Management Group. Mr Bourke holds a Bachelor of Commerce degree and Bachelor of Law degree from Bond University. He is a holder of the Chartered Financial Analyst designation.
	**Daniel Siluk** *Managing Director and Portfolio Manager* Mr Siluk is a Managing Director and Portfolio Manager for Kapstream Capital, and as a member of the firm's Investment Committee, is jointly responsible for oversight of investment strategy and portfolio leadership. Additionally, he is responsible for risk and portfolio analytics. Prior to joining Kapstream, Mr Siluk served as Manager of Investment Analytics at Challenger Financial Services Group (**Challenger**) from 2007 to 2009. At Challenger, Mr Siluk was responsible for providing attribution and risk metrics for their internal funds management business, as well as their boutique partnerships, which included Kapstream. Mr Siluk also spent four years in London, where he was responsible for implementing and testing attribution and risk systems. Mr Siluk's employers included Insight Investment, the funds management arm of Halifax Bank of Scotland (2003 to 2006), as well as Northern Trust (2006 to 2007). Mr Siluk holds a Bachelor of Applied Finance from Macquarie University.

5. Responsible Entity and Managers Continued

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DIRECTOR	EXPERIENCE
	**Mark Bayley CFA** *Portfolio Manager* Mr Bayley is a Portfolio Manager for Kapstream Capital and is responsible for credit analysis and portfolio management. Mr Bayley has nearly 30 years' fixed income and credit market experience gained on both the buy- and sell-side in Australia and Europe. Prior to joining Kapstream in 2020, Mr Bayley served as Head of Credit Strategy & Research, and subsequently Head of Institutional Fixed Income, at FIIG Securities. Mr Bayley began his career in London in 1996 with Dresdner Kleinwort Benson as a Credit Analyst and Trader, and seven years at JPMorgan as Vice President, High Yield Research & Sales, before moving to Sydney in 2007, where he first spent two years as Director, Credit & Structuring for ABN AMRO, and seven years as a Credit Analyst/Strategist at Aquasia. Mr Bayley has been widely recognised for his research, with first place rankings by Institutional Investor, Credit Magazine and CFO Magazine, and is a frequent fixed income markets commentator, spending several years as a weekly columnist for the AFR. Mr Bayley holds an MA (Hons) in Economics from Downing College, Cambridge University and a Diploma in Management Studies from the Judge Business School, Cambridge University. He has been a CFA Charterholder since 2003.

Who is on the Operations Manager's management team?

Biographies of each of the key members of the management of the Operations Manager are provided below. These key members bring to the Operations Manager their relevant experience and skills, including industry and business knowledge, financial management and corporate governance experience.

DIRECTOR	EXPERIENCE
	**Timothy Cheung** *Chief Executive Officer* Mr Cheung is a co-founder and the CEO of Mantis Funds and leads the strategic direction of the business while overseeing distribution, operations and marketing functions. Mr Cheung has successfully built and led investment teams for more than a decade. Most recently, he co-founded and launched LSL Partners as Chief Investment Officer. Prior to that, at Perpetual Investments and Morphic Asset Management, he focused on Asian investments as a Senior Analyst and Head of Research, respectively. Mr Cheung commenced his buy-side career at Colonial First State Global Asset Management, where he was the Head of Investment Analytics for the Infrastructure Investment team. Prior to joining Colonial First State Global Asset Management, Mr Cheung was a sell-side analyst at Commonwealth Securities. Mr Cheung holds a Master of Business Administration (Honours) degree from the Wharton School at the University of Pennsylvania. He also holds a Master of Commerce (Honours) degree and a combined Bachelor of Commerce/Laws degree from the University of New South Wales.

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DIRECTOR	EXPERIENCE
	**Damien Hatfield** *Co-Founder and Head of Distribution* Mr Hatfield is a co-founder and the Head of Distribution at Mantis Funds. He leads the firm's distribution, marketing and client relations functions. Mr Hatfield has over 30 years' experience in the financial services industry. As an independent fund marketer, Mr Hatfield has consulted and raised funds for Kapstream, Ascalon Capital (a Westpac Bank subsidiary) and Ramius, a New York based Alternative Manager. Mr Hatfield was previously responsible for the distribution of Pengana's Alternative Strategies products. Mr Hatfield was a Director of listed investment company, Pengana Hedge Funds Limited. Prior to Pengana, he worked at Colonial First State as Head of Hedge Funds from March 2001 until 2003. Mr Hatfield has substantial experience in hedge funds and managed futures, having worked with Basis Capital, Deutsche Bank (Australia), Deutsche Securities (Hong Kong), and ANZ McCaughan. Mr Hatfield was the founding Chairman of the Australian Chapter of the UK-based Alternative Investment Management Association (AIMA). He was inducted into the Australian Hedge Fund Industry Hall of Fame for contribution to the local industry. Mr Hatfield holds a Bachelor of Business Degree from the University of Technology Sydney and was previously a Visiting Fellow of Macquarie University's Applied Finance School.
	**David Gray** *Co-Founder and Chief Operating Officer* Mr Gray is a co-founder of Mantis Funds and is responsible for operations. He has over 30 years' experience in leadership roles throughout the financial services industry in Australia and Asia. Prior to founding Mantis Funds, Mr Gray was Chief Operating Officer at LSL Partners and a leading prime broker in Asia. At UBS, he was responsible for building and managing the Prime Brokerage and Listed Derivatives business in Australia before relocating to Hong Kong to head the UBS APAC Prime Services and Listed Derivatives business. Mr Gray oversaw significant growth in these businesses, penetrating new markets and introducing innovative new products. While in Asia he joined the Royal Bank of Scotland to head their APAC Prime Service and Listed derivatives business, successfully rebuilding these businesses and expanding their market coverage servicing hedge funds, sovereign wealth funds and institutions across the region. Mr Gray subsequently joined State Street Bank and Trust where he was responsible for establishing the banks Asian Listed derivatives business. Mr Gray holds a Bachelor of Economics degree from the University of Sydney and is a qualified Chartered Accountant.

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6. Financial Information



6. Financial Information

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6.1 Introduction

The Trust is a managed investment scheme structured as a unit trust, which was registered with ASIC on 24 September 2025. The Trust was established in connection with the Offer and has not undertaken any business to date. Refer to Section 3 for further information.

The pro forma historical statements of financial position of the Trust set out below (the "Pro Forma Historical Financial Information") (see Section 6.2) have been prepared to illustrate the effects of the Offer and comprise:

- the pro forma historical statements of financial position as at 16 February 2026 based on the minimum subscription of $200 million; and
- the pro forma historical statements of financial position as at 16 February 2026 based on the maximum subscription of $300 million.

This Section also includes:

- Material assumptions used in the preparation of the Pro Forma Historical Financial Information (pro-forma adjustments) (see Section 6.3);
- Capital structure of the Trust on completion of the Offer (see Section 6.4);
- Pro forma cash of the Trust (see Section 6.5); and
- Material accounting policies of the Trust (see Section 6.6).

The Pro Forma Historical Financial Information has been prepared in accordance with the recognition and measurement principles contained in Australian Accounting Standards (**AAS**), other than that it includes adjustments which have been prepared in a manner consistent with AAS, that reflect the impact of certain transactions as if they occurred as at the Reference Date, although it is presented in an abbreviated form insofar as it does not include all the disclosures, statements and comparative information as required by AAS applicable to annual financial reports prepared in accordance with the Corporations Act. All amounts disclosed in this Section are presented in Australian dollars. For these purposes, the Reference Date is 16 February 2026.

The Pro Forma Historical Financial Information has been reviewed by Ernst & Young in accordance with the 'Australian Standard on Assurance Engagements ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information' as stated in its Independent Limited Assurance Report set out in Section 7. Unitholders should note the scope and limitations of the Independent Limited Assurance Report.

The information in this Section should also be read in conjunction with the risk factors set out in Section 12 and other information contained in this PDS.

6.2 Pro Forma Historical Financial Information

The Pro Forma Historical Financial Information set out below is unaudited and has been prepared to illustrate the financial position of the Trust following completion of the Offer as if such events had occurred as at 16 February 2026. The Pro Forma Historical Financial Information is intended to be illustrative only and will not reflect the actual position and balances as at the date of this PDS or at the completion of the Offer. The Pro Forma Historical Financial Information has been prepared in accordance with the material accounting policies set out in Section 6.6.

PRO FORMA HISTORICAL STATEMENTS OF FINANCIAL POSITION	MINIMUM SUBSCRIPTION AMOUNT OF AUD$200 MILLION	MAXIMUM SUBSCRIPTION AMOUNT OF AUD$300 MILLION
Assets		
Cash	$200,000,000	$300,000,000
Total Assets	$200,000,000	$300,000,000
Liabilities		
Total Liabilities	–	–
Unitholder Equity		
Subscription for Units	$200,000,000	$300,000,000
Net Assets attributable to Unitholders	$200,000,000	$300,000,000

The Trust was established through the issuance of 10 initial units at $1 per initial unit in accordance with the Trust Constitution. The initial units will be automatically redeemed upon the allotment of Units pursuant to this Offer.

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6.3 Material assumptions in preparation of the Pro Forma Historical Financial Information

The Pro Forma Historical Financial Information has been prepared on the basis of the following assumptions by the Managers:

- Application of the material accounting policies set out in Section 6.6;
- The column headed "Minimum Application Amount of AUD$200 million", has been prepared on the basis of subscriptions for 100,000,000 Units by Applicants under this PDS at an issue price of AUD$2.00 per Unit; and
- The column headed "Maximum Application Amount of AUD$300 million", has been prepared on the basis of subscriptions of 150,000,000 Units by Applicants under this PDS at an issue price of AUD$2.00 per Unit.
- The initial expenses and costs to establish the Offer are to be paid by the Managers as set out in Section 14.14 of the PDS. These have not been included in the Pro Forma Historical Financial Information set out in Section 6.2.

6.4 Capital structure

Set out below is the anticipated capital structure of the Trust on completion of the Offer under the different indicated subscription amounts.

	MINIMUM SUBSCRIPTION AMOUNT OF AUD$200 MILLION	MAXIMUM SUBSCRIPTION AMOUNT OF AUD$300 MILLION
Units	100,000,000	150,000,000
Issue Price per Unit	$2.00	$2.00

6.5 Pro Forma cash

Set out below is a reconciliation of the pro forma cash balance under the different indicated subscription amounts.

	MINIMUM SUBSCRIPTION AMOUNT OF AUD$200 MILLION	MAXIMUM SUBSCRIPTION AMOUNT OF AUD$300 MILLION
Proceeds of the Offer	$200,000,000	$300,000,000
Estimated net cash position	$200,000,000	$300,000,000

6.6 Material Accounting Policies

A summary of material accounting policies that have been adopted in the preparation of the Pro Forma Historical Financial Information set out in Section 6.2, and which will be adopted prospectively in preparation of the financial statements of the Trust for the financial year ending 30 June each year, is set out as follows.

Basis of preparation

The Pro Forma Historical Financial Information has been prepared in accordance with the recognition and measurement principles contained in AAS and interpretations and other authoritative pronouncements of the Australian Accounting Standards Board (**AASB**) and the Corporations Act other than that it includes adjustments which have been prepared in a manner consistent with Australian Accounting Standards, that reflect the impact of certain transactions as if they occurred as at the Reference Date.

AAS sets out an accounting framework that the AASB have concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. The financial information presented in this PDS is presented in an abbreviated form and does not contain all the presentation and disclosures that are usually provided in a financial report prepared in accordance with AAS. The Pro Forma Historical Financial Information has been prepared on the basis of the assumptions outlined in Section 6.3.

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Functional and presentation currency

The Pro Forma Historical Financial Information is presented in Australian dollars, which is the Trust's functional currency.

Use of estimates and judgements

The preparation of the Pro Forma Historical Financial Information requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Net assets attributable to Unitholders – Equity

Units in the Trust are intended to be listed on the ASX as ordinary units. The Units can be traded on the ASX at any time for cash based on the listed price. While the Trust is a listed investment and liquidity is generally expected to exist in the secondary market (i.e. the ASX), there are no guarantees that an active trading market with sufficient liquidity will be available.

The Trust's units are classified as equity as they satisfy the following criteria under AASB 132 *Financial Instruments: Presentation*:

- the financial instrument entitles the holder to a pro-rata share of net assets in the event of the Trust's liquidation;
- the financial instrument is in the class of instruments that is subordinate to all other classes of instruments and there is an identical contractual obligation for the Trust to deliver a pro-rata share of its net assets on liquidation; and
- there is no other instrument that has total cash flows based substantially on the profit or loss, change in recognised net assets or change in fair value of recognised and unrecognised net assets of the entity, and has the effect of substantially restricting or fixing the residual return to the unit holders.

The Trust has one class of units.

Cash and cash equivalents

Cash and cash equivalents includes cash at bank, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Financial instruments

The Trust's portfolio of financial assets is managed and its performance is evaluated on a fair value basis in accordance with the Trust's documented investment strategy. The Trust's policy is for the Investment Manager to evaluate the information about these financial assets on a fair value basis together with other related financial information. Unit trusts are measured at fair value through profit or loss.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or the Trust has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the condensed statement of comprehensive income.

Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within 'net gains/(losses) on financial instruments at fair value through profit or loss' in the period in which they arise. At initial recognition, the Trust measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of comprehensive income.

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7. Investigating Accountant's Report

7. Investigating Accountant's Report

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16 February 2026

The Board of Directors
Equity Trustees Limited
In its capacity as Responsible Entity for
Kapstream Investment Trust
Level 4, 7 Macquarie Place
Sydney
NSW 2000

Dear Directors

PART 1 – INDEPENDENT LIMITED ASSURANCE REPORT ON PRO FORMA HISTORICAL FINANCIAL INFORMATION

1. Introduction

We have been engaged by Equity Trustees Limited on behalf of Kapstream Investment Trust (the "Trust") to report on the pro forma historical financial information of the Trust for inclusion in the Product Disclosure Statement dated on or about 16 February 2026 ("PDS") and issued by the Trust, in respect of the issue of up to 150,000,000 ordinary units to raise up to $300 million (the "Offer").

Expressions and terms defined in the PDS have the same meaning in this report.

2. Scope

Pro Forma Historical Financial Information

You have requested Ernst & Young to review the following pro forma historical financial information of the Trust:

- the pro forma historical statement of financial position as at 16 February 2026 based on the minimum subscription of $200 million as set out in Section 6.2 of the PDS;
- the pro forma historical statement of financial position as at 16 February 2026 based on the maximum subscription of $300 million as set out in Section 6.2 of the PDS;

(Hereafter the "Pro Forma Historical Financial Information" or the "Financial Information").

The Pro Forma Historical Financial Information has been derived from the unaudited trial balance of the Trust, and adjusted for the effects of pro forma adjustments as set out in Section 6.3 of the PDS.

The Pro Forma Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards ("AAS") other than that it includes adjustments which have been prepared in a manner consistent with AAS, that reflect the impact of certain transactions as if they occurred as at 16 February 2026.

Due to its nature, the Pro Forma Historical Financial Information does not represent the Trust's actual or prospective financial position.

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The Financial Information is presented in the PDS in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by AAS and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

3. Directors' Responsibility

The directors of Equity Trustees Limited (the "Directors") are responsible for the preparation and presentation of the Pro Forma Historical Financial Information, including the basis of preparation, selection and determination included in the Pro Forma Historical Financial Information. This includes responsibility for such internal controls as the Directors determine are necessary to enable the preparation of Pro Forma Historical Financial Information that are free from material misstatement, whether due to fraud or error.

4. Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Pro Forma Historical Financial Information based on the procedures performed and the evidence we have obtained.

We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

Our limited assurance procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other limited assurance procedures. A limited assurance engagement is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or limited assurance reports on any financial information used as a source of the Financial Information.

5. Conclusions

Pro Forma Historical Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information of the Trust comprising:

- the pro forma historical statement of financial position as at 16 February 2026 based on the minimum subscription of $200 million as set out in Section 6.2 of the PDS; and
- the pro forma historical statement of financial position as at 16 February 2026 based on the maximum subscription of $300 million as set out in Section 6.2 of the PDS;

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 6.6 of the PDS.

6. Restriction on Use

Without modifying our conclusions, we draw attention to Section 6.1 of the PDS, which describes the purpose of the Financial Information. As a result, the Financial Information may not be suitable for use for another purpose.

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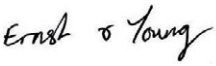
7. Consent

Ernst & Young has consented to the inclusion of this limited assurance report in the PDS in the form and context in which it is included.

8. Independence or Disclosure of Interest

Ernst & Young (ABN 75 288 172 749) is not operating under an Australian financial services license when giving financial product advice provided as a result of this report in the Prospectus. Ernst & Young does not have any interests in the outcome of the Offer other than in the preparation of this report for which normal professional fees will be received.

Yours faithfully



Ernst & Young

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8. Corporate Governance and Compliance for the Trust

8. Corporate Governance and Compliance for the Trust

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8.1 Corporate governance

The Responsible Entity is committed to best practice corporate governance and compliance arrangements for the Trust. The Responsible Entity has adopted the majority of the principles and recommendations in the ASX Corporate Governance Principles and Recommendations (4th edition) **(ASX Recommendations**), to the extent they apply to an externally managed listed entity. The Responsible Entity's 'Corporate Governance Statement', a summary of which is provided below, sets out the approach adopted by the Responsible Entity and the Trust in relation to the ASX Recommendations.

This section summarises the key aspects of the Responsible Entity's and the Trust's corporate governance framework.

8.2 Board roles and responsibilities

The board of the Responsible Entity (**Board**) is responsible for the overall governance of the Trust and for ensuring the Trust is managed in the best interests of Unitholders. The Board recognises the role and importance of good corporate governance and compliance. In performing its functions in respect of the Trust the Board will endeavour to ensure that the Trust is effectively managed in accordance with high standards of corporate governance and the law.

The key functions of the Board in relation to the Trust include:

- Contributing to and approving management's development of strategy for the Trust;
- Approving and making available the PDS for the Trust;
- Overseeing and approving the annual and half year financial accounts of the Trust;
- Monitoring the Trust's compliance with regulatory, prudential and ethical standards;
- Maintaining and monitoring an appropriate risk management framework for the Trust which identifies and manages financial, operational and business risks of the Trust; and
- Ensuring the Responsible Entity has implemented adequate systems of internal controls in relation to the Trust together with appropriate monitoring of compliance activities.

Matters of substance affecting the Trust are considered by the Board, with advice from external advisers as required. Each director must bring an independent view and judgment to the Board and must declare all actual or potential conflicts of interest on an ongoing basis.

Further details of the responsibilities of the Board are set out in the Board's charter, which has been prepared having regard to the ASX Recommendations. A copy of the Board's charter is available on the Trust Website and is available, free of charge, on request from the Responsible Entity.

8.3 Compliance plan

The Responsible Entity has prepared and lodged a Compliance Plan for the Trust with ASIC. The Compliance Plan describes the structures, systems and processes used by the Responsible Entity to comply with the Corporations Act, the Trust Constitution and the ASX Listing Rules. The matters covered in the Compliance Plan include: promotion of the Trust and respective disclosures, information technology, the Trust Constitution, AFSL requirements, corporate governance and compliance, agents and external service providers, education, training and recruitment, complaints handling, record keeping, custody, investment management, the Trust's fees and performance, investment risks, valuation of Trust assets, and applications and distributions.

An audit of the Compliance Plan will be carried out on an annual basis by the Trust's Compliance Plan Auditor. An audit report is prepared and lodged with ASIC providing an opinion as to whether the Responsible Entity has complied with the Compliance Plan throughout the year and if the Compliance Plan continues to comply with the requirements of the Corporations Act and other relevant laws.

A copy of the Compliance Plan is available from the Responsible Entity.

8.4 Corporate governance policies

The Responsible Entity has developed and adopted the following corporate governance policies, which have been prepared having regard to the ASX Recommendations to the extent these principles are applicable to the Trust and the Responsible Entity. These policies are available on the Trust Website:

- **Continuous Disclosure Policy**

  The Responsible Entity is required to disclose to the ASX any information concerning the Trust which is not generally available and which a reasonable person would expect to have a material effect on the price or value of the Units. The policy sets out the processes and measures to ensure that the Responsible Entity complies with its continuous disclosure obligations under the ASX Listing Rules and the Corporations Act in relation to the Trust.

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- **Code of Conduct and Ethics**
  This policy sets out the standards of ethical behaviour that the Responsible Entity expects from its directors, employees and contractors, including those involved in the management and operation of the Trust.
- **Listed Investments Trust Trading Policy**
  This policy is designed to assist in maintaining Unitholder confidence in the integrity of dealings in the Trust's Units and sets out the Responsible Entity's internal controls and processes to prevent any breach of the insider trading laws.
- **Unitholder Communication Policy**
  This policy sets out how communication with Unitholders and other stakeholders is publicised and promoted, and where and what information can be sourced.
- **Whistleblower Policy**
  This policy encourages the reporting of improper, unethical, and illegal behaviour within the Responsible Entity and provides a mechanism for individuals to report their concerns freely and without fear of reprisal or intimidation.
- **Anti-bribery and Corruption Policy**
  This policy defines unacceptable behaviour and activity relating to bribery and corruption and aims to ensure that bribery and corruption risks are properly identified, mitigated and managed.

8.5 Overview of the Responsible Entity's compliance with ASX Recommendations

Principle 1 – Lay solid foundations for management and oversight

The Trust is externally governed by an independent Responsible Entity, Equity Trustees Limited.

The Constitution of the Trust and the Corporations Act set out the duties and responsibilities of the Responsible Entity in relation to managing the affairs of the Trust. It is the responsibility of the Board to ensure those duties and responsibilities are met.

The Board meets regularly and considers critical compliance and risk management matters to ensure that the Trust is managed in the best interests of Unitholders. The Board utilises the 'Audit Committee', 'Compliance Committee', and 'Disclosure Committee' to assist with managing the affairs of the Trust.

The Board has formalised its role and responsibilities, which are set out in the Board's charter. Although the Board retains overall responsibility for the management of the Trust, all matters not specifically reserved for the Board and necessary for the day-to-day management of the Trust may be delegated by the Board to the management of the Responsible Entity or appropriately contracted to qualified persons authorised by the Responsible Entity (such as the Managers, the Custodian, the Administrator or Unit Registry).

Principle 2 – Structure of the Board to be effective and add value

The Board comprises 5 directors, and together they collectively have the appropriate balance of skills, knowledge, experience, and diversity to enable it to discharge its duties and responsibilities effectively.

Refer to Section 5.1 for more detail on the directors.

The Board has a Compliance Committee comprised of a majority of non-executive members to oversee the Trust's compliance and the Responsible Entity's legislative, trustee and listing obligations.

Principle 3 – Instil a culture of acting lawfully, ethically, and responsibly

The Responsible Entity is committed to maintaining high standards of integrity and conducting its business in accordance with high standards of ethical behaviour.

As part of this commitment, the Responsible Entity has adopted a Code of Conduct and Ethics, which sets out the standards of ethical behaviour expected from its directors, officers and employees, including those involved in the management and operation of the Trust. A copy of the Code of Conduct and Ethics is available on the Trust Website.

Principle 4 – Safeguard integrity in corporate reporting

The Responsible Entity has established an Audit Committee to oversee the integrity of the Trust's financial reporting, the appointment and independence of the Trust's auditor, internal financial controls, and financial procedures and policies. The Audit Committee comprises four members with financial and accounting qualifications and experience in the Trusts management and/or trustee services business, with at least one independent member.

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Principle 5 – Make timely and balanced disclosure

The Responsible Entity is committed to fair and open disclosure to Unitholders and stakeholders on matters that would have a material effect on the price or value of the Units of the Trust. The Responsible Entity has developed a continuous disclosure policy (**Continuous Disclosure Policy**) to ensure the Responsible Entity provides timely and balanced disclosure to the market in accordance with its disclosure obligations under the Corporations Act and the ASX Listing Rules. A copy of the Continuous Disclosure Policy is available on the Trust Website. A summary of the key aspects of this policy are set out at paragraph 8.4.

Principle 6 – Respect the rights of Unitholders

The Responsible Entity is committed to effective two-way communication with Unitholders and the market and believes that Unitholders should be fully informed in a timely manner of major events that may influence the Trust. The Responsible Entity has adopted a Unitholder Communication Policy which sets out measures it utilises to ensure communication with Unitholders is effective, frequent, clear and accessible. A copy of the policy is available on the Trust Website.

Principle 7 – Recognise and manage risk

The Board reviews the Responsible Entity's risk management framework at least annually to ensure it continues to be effective and is designed to assist the Responsible Entity to identify, assess, monitor and manage risks.

The Board may utilise the Compliance Committee to provide additional oversight of risk.

The Responsible Entity has an internal audit function. The Board, the Compliance Committee and the management of the Responsible Entity regularly liaise with internal audit and reviews audit processes and reports.

Principle 8 – Remunerate fairly and responsibly

The Trust does not have any employees. Fees and expenses paid out of the assets of the Trust, or by the Managers are unrelated to the remuneration of the directors and management of the Responsible Entity involved with the operation of the Trust. Directors and management remuneration is determined and dealt with separately by the EQT Group.

The Investment Management Agreement sets out the terms governing the remuneration of the Managers. A summary of the Investment Management Agreement, including the fees payable, is set out in Section 13.2.

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9. Fees and Other Costs

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9. Fees and Other Costs

Fees and other costs

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns.

For example, total annual fees and costs of 2% of your investment balance rather than 1% could reduce your final return by up to 20% over a 30-year period (for example, reduce it from $100,000 to $80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower fees. Ask the fund or your financial adviser.

TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) Moneysmart website (www.moneysmart.gov.au) has a managed funds fee calculator to help you check out different fee options.

This section shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of the managed investment scheme as a whole.

Taxes are set out in another part of this document. You should read all the information about fees and costs because it is important to understand their impact on your investment.

9.1 Fees and Costs Summary

Kapstream Investment Trust

TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
Ongoing annual fees and costs[1]		
Management fees and costs The fees and costs for managing your investment	Estimated to be 1.39% per annum of the NAV of the Trust	The fee component is generally accrued daily and paid from the Trust monthly in arrears and reflected in the prevailing NAV per Unit. Otherwise, the fees and costs (including the amount of any cost recovery) are variable and deducted and reflected in the prevailing NAV per Unit as they are incurred. The management fees component of management fees and costs can be negotiated. Please see "Differential fees" in the "Additional Explanation of Fees and Costs" for further information.
Performance fees Amounts deducted from your investment in relation to the performance of the product	0.00% of the NAV of the Trust	Not applicable.
Transaction costs The costs incurred by the scheme when buying or selling assets	0.10% of the NAV of the Trust[2]	If applicable, transaction costs are deducted from the Trust as they are incurred and reflected in the prevailing NAV per Unit.

9. Fees and Other Costs Continued

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TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
Member activity related fees and costs (fees for services or when your money moves in or out of the scheme)		
Establishment fee The fee to open your investment	Nil	Not applicable.
Contribution fee The fee on each amount contributed to your investment	Nil	Not applicable.
Kapstream Investment Trust		
Buy/Sell Spread An amount deducted from your investment representing costs incurred in transactions by the scheme	Nil	Not applicable .
Withdrawal fee The fee on each amount you take out of your investment	Nil	Not applicable.
Exit fee The fee to close your investment	Nil	Not applicable.
Switching fee The fee for changing investment options	Nil	Not applicable.

Notes:

1 All fees quoted are inclusive of Goods and Services Tax (GST) and net of any Reduced Input Tax Credits (RITC). See below for more details as to how management costs are calculated.

2 As the Trust is newly established, the above amount reflects the Responsible Entity's reasonable estimate of the transaction costs as at the date of the PDS for the current financial year (adjusted to reflect a 12-month period). It is intended that the Trust will subscribe for the Underlying Fund Units in this financial year and such acquisition will not involve any transaction costs.

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9.2 Example of annual fees and costs for an investment option

This table gives an example of how the ongoing annual fees and costs in the investment option for this product can affect your investment over a 1-year period. You should use this table to compare this product with other products offered by managed investment schemes.

EXAMPLE – KAPSTREAM INVESTMENT TRUST		
BALANCE OF $50,000 WITH A CONTRIBUTION OF $5,000 DURING THE YEAR		
Contribution Fees	Nil	For every additional $5,000 you put in, you will be charged $0.
Plus Management fees and costs	1.39% p.a.	And, for every $50,000 you have in the Kapstream Investment Trust you will be charged or have deducted from your investment $695 each year.
Plus Performance fees	Nil	And, you will be charged or have deducted from your investment $0 in performance fees each year.
Plus Transaction costs	0.10% p.a.	And, you will be charged or have deducted from your investment $50 in transaction costs.
Equals Cost of Managed Fund	1.49% p.a.	If you had an investment of $50,000 at the beginning of the year and you put in an additional $5,000 during that year, you would be charged fees and costs of: $745*. What it costs you will depend on the investment option you choose and the fees you negotiate.

* Additional fees may apply. Please note that this example does not capture all the fees and costs that may apply to you.

This example assumes the $5,000 contribution occurs at the end of the first year, therefore the fees and costs are calculated using the $50,000 balance only.

Warning: If you have consulted a financial adviser, you may pay additional fees. You should refer to the Statement of Advice or Financial Services Guide provided by your financial adviser in which details of the fees are set out.

ASIC provides a fee calculator on www.moneysmart.gov.au, which you may use to calculate the effects of fees and costs on account balances.

9.3 Additional Explanation of fees and costs

Management fees and costs

The management fees and costs include amounts payable for administering and operating the Trust (including the fees payable to the Responsible Entity and the total fees payable to the Managers), investing the assets of the Trust, expenses and reimbursements in relation to the Trust and indirect costs if applicable.

The aggregate of the management fees and costs is estimated at 1.39% p.a. of the NAV of the Trust.

There are no indirect costs as the Managers will rebate or cover the indirect costs associated with the Trust's investment in the Underlying Fund Units.

Management fees and costs do not include transaction costs, which are disclosed separately.

The management fees and costs amount above does not include abnormal or extraordinary expenses, such as the cost of unitholder meetings, litigation costs or indemnities, and which will be an additional cost borne out of the assets of the Trust or the Underlying Funds (as applicable).

Performance Fee

No performance fees are payable to the Managers.

Termination Fee

If the Managers are terminated other than for cause or if the Investment Manager terminates the Investment Management Agreement after the Initial term with three months' notice, the Managers are entitled to be paid out of the assets of the Trust, within 20 Business Days after the effective date of the termination (**Termination Date**), a further total fee (**Termination Fee**) equal to 1.39% of the NAV of the Trust as at the Termination Date.

9. Fees and Other Costs Continued

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This corresponds with the aggregate management fees and costs as set out above. However, the Investment Manager agrees to repay the Responsible Entity from the Termination Fee any fees (other than performance fees) which the Investment Manager receives (in the 12 months after the Termination Date) from the Underlying Funds (**Downstream Fees**) to the extent the Downstream Fees were calculated based on the amount invested by the Trust (not including any buy or sell spread).

Transaction costs

Transaction costs may be incurred when the Trust subscribes for units or redeems units in the Underlying Fund, and where assets are bought or sold by the Underlying Funds.

Transaction costs (if any) will be reflected in the Trust's net asset value per Unit.

As the Trust is newly established, the estimated net transaction costs (representing the total gross transaction costs minus the total amount recovered through the buy/sell spread), set out in the fees and cost summary in the PDS is 0.10% p.a. of the NAV of the Trust which reflects the Responsible Entity's reasonable estimate at the date of the PDS of those transaction costs that will apply for the current financial year (adjusted to reflect a 12-month period).

As the buy/sell spread at the Trust Level is nil at the date of this PDS, the Responsible Entity's reasonable estimate of the total gross estimated transaction costs that will apply for the current financial year (adjusted to reflect a 12-month period) is based on transaction costs at the Underlying Funds level. This is currently estimated to be 0.10% p.a. of the NAV of the Trust.

The initial buy/sell spread of the Underlying Funds is as follows:

- KARIF: 0/0.07%;
- KARIPF: 0/0.2%; and
- KPIF: 0/0.2%.

This may not be an accurate indicator of the actual transaction costs you may incur in the future. Details of any future changes to transaction costs will be provided on the Trust Website where they are not otherwise required to be disclosed to Unitholders under law.

Borrowing costs

This fund and/or the Underlying Funds may use borrowing facilities as set out in Section 4.1 of this PDS. There will be interest, fees and costs payable for these facilities and these amounts will be paid from the Underlying Funds. The fees and costs set out above do not include any interest, fees or costs payable for borrowing facilities.

No loan origination fees retained by the Managers

A transaction or asset origination fee may be paid by a borrower to the Trust or to the Underlying Funds, as compensation for the work in originating, negotiating, structuring, analysing and documenting the loan facility. All loan origination fees will be paid to, as relevant, the Trust or the Underlying Funds for, as relevant, the benefit of investors in the Trust or the investor in the Underlying Funds (including the Trust). Kapstream does not retain any transaction or asset origination fees.

Stockbroker fees for investors

Investors will incur customary brokerage fees and commissions when buying and selling the Units on the Australian Securities Exchange. Investors should consult their stockbroker for more information in relation to their fees and charges.

Can the fees change?

Yes, all fees can change without investor consent, subject to the maximum fee amounts specified in the Trust Constitution. The current maximum responsible entity fee to which the Responsible Entity is entitled is 0.50% per annum of the GAV of the Trust and a Custody Fee of up to 0.50% per annum of the GAV. However, Equity Trustees does not intend to charge that amount to the Trust and will generally provide investors with at least 30 days' notice of any proposed increase to the fees component of management fees and costs. In many circumstances, the Constitution defines the maximum level that can be charged for fees described in this PDS. Subject to the Investment Management Agreement, the Responsible Entity also has the right to recover all reasonable expenses incurred in relation to the proper performance of its duties in managing the Trust and as such these expenses may increase or decrease accordingly, without notice.

Payments to IDPS Operators

Subject to the law, annual payments may be made to some IDPS Operators because they offer the Trust on their investment menus. Product access is paid by the Managers out of its investment management fee and is not an additional cost to the investor.

Differential fees

The Managers may from time to time negotiate a different fee arrangement (by way of a rebate or waiver of fees) with certain investors who are Wholesale Clients. Please contact the Managers for further information.

Taxation

Please refer to Section 11 of the Product Disclosure Statement for further information on taxation.

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10. Details of the Offer



10. Details of the Offer

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10.1 The Offer

The Responsible Entity offers the Units for subscription at $2 per Unit to raise a minimum of $200 million and a maximum of $300 million.

The Offer is not underwritten.

The Offer is open to investors who have a registered address in Australia only, unless otherwise approved by the Issuer.

10.2 Minimum Amount and Target Amount

The Minimum Amount for the Offer which is being sought is $200 million, being receipt of valid Applications for not less than 100,000,000 Units.

If the Minimum Amount has not been raised within three months after the PDS Date (or such longer period permitted by the Corporations Act with the consent of ASIC), the Issuer will either repay the Application Monies without interest to Applicants or issue a supplementary or replacement PDS and allow Applicants one month to withdraw their Applications and be repaid their Application Monies without interest.

The Issuer may accept Applications for a target of 150,000,000 Units to raise up to $300 million under the Offer.

10.3 What will the proceeds of the Offer be used for?

The proceeds of the Offer are intended to be used by the Trust to initially invest into units of the Underlying Funds (in addition to temporary or limited holdings of cash), and the Underlying Fund's will use the proceeds to invest in accordance with the Investment Strategy of the relevant Underlying Fund (set out in Section 4) in order to generate a return to the Trust as its unitholder (which payments will be distributed by the Trust to the Unitholders). The Trust may over time also acquire a portfolio of direct assets that fall within the Investment Strategy and may, subject to applicable law and the ASX Listing Rules, also invest in other funds managed by Kapstream that provide exposure to assets that fall within the Investment Strategy.

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10.4 Terms and conditions of the Offer

TOPIC	SUMMARY
What are the Units being offered?	Certain key terms of the rights attached to the Units are summarised in Section 14.6.
What is the consideration payable for each Unit?	The Issue Price is $2 per Unit to be paid to the Responsible Entity as consideration for the issue of each Unit.
What is the Offer Period	The proposed Opening Date of the Broker Firm Offer is 24 February 2026 at 9.00am (Sydney time). The Offer is expected to close on the Closing Date on 4 March 2026 at 5.00pm (Sydney time). The Responsible Entity reserves the right to vary the Offer Period, including whether to close the Offer early, extend the Closing Date or accept late Applications, without notice. Applicants are encouraged to submit their Applications as early as possible.
What are the cash proceeds to be raised under the Offer?	A minimum of $200 million and a maximum of $300 million will be raised under the Offer.
Who can apply for Units under the Offer?	The Offer is only open to investors who are eligible to participate under the Cornerstone Offer or Broker Firm Offer.
How is the Offer structured?	The Offer consists of: • a **Cornerstone Offer** to Institutional Investors that have been invited to participate in the Cornerstone Offer by the Responsible Entity and the Joint Lead Managers. The cornerstone process has raised commitments of $145 million; and • a **Broker Firm Offer** to Institutional Investors and retail investors and who have a registered address in Australia, who have received a firm allocation from their broker to participate in the Broker Firm Offer. No general public offer of Units will be made under the Offer. Members of the public wishing to apply for Units under the Offer must be within the Target Market and must do so through a Broker with a firm allocation of Units under the Broker Firm Offer.
What is the allocation policy?	Please refer to Section 10.6 for information.
What is the minimum and maximum application size under the Offer?	The minimum Application size is $5,000, and multiples of $1,000 thereafter. The Issuer reserves the right to reject any Application or to allocate a lesser number of Units than applied for. Please refer to Section 10.7.
How can I apply under the Cornerstone Offer?	If you are applying for Units under the Cornerstone Offer, you should have received the details on how to apply under the Cornerstone Offer from your Broker.

10. Details of the Offer Continued

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TOPIC	SUMMARY
How can I apply under the Broker Firm Offer?	Please refer to Section 10.5 below on how to apply for Units under the Offer Broker Firm Offer.
Will the Units be quoted?	The Responsible Entity will apply to ASX for the admission of the Trust to the Official List and for official quotation of the Units offered under the Offer as soon as practicable following the lodgement of this PDS, and in any event within seven days after the date of lodgement of the PDS. The Responsible Entity has reserved the ASX code 'KIT'. If the Trust is admitted to the Official List, quotation of the Units will commence as soon as practicable following the issue of Clearing House Electronic Sub-register System (CHESS) Holding Statements. Refer to Section 10.8 for further information. If the ASX does not admit the Units to quotation within three months of the date of the PDS (or within such longer period as may be permitted by ASIC), no Units will be issued and all Application Monies received under the Offer will be returned to Applicants without interest. Any interest earned on the Application Monies will be retained by the Issuer. The ASX takes no responsibility for this PDS or the investment to which it relates. The fact that the ASX may quote the Units should not be taken as an indication of the merits of the Issuer or the Units offered for subscription.
When will I receive confirmation that my Application under the Broker Firm Offer has been successful?	Following the issue of Units, successful Applicants under the Broker Firm Offer will receive a Holding Statement setting out the number of Units issued to them under the Offer. It is expected that Holding Statements will be dispatched by standard post on or about 19 March 2026.
When are Units expected to commence trading?	It is the responsibility of Applicants to confirm their allocation prior to trading in Units. Applicants trading in Units prior to receiving a Holding Statement or commencement of trading on the ASX do so at their own risk. The Responsible Entity, the Unit Registry, and the Managers disclaim all liability, whether in negligence or otherwise, to persons who sell Units before receiving their Holding Statement, whether on the basis of a confirmation of allocation provided by any of them, by a broker or otherwise. The Units are expected to commence trading on the ASX on a normal settlement basis on or about 30 March 2026.
Is the Offer underwritten?	The Offer will not be underwritten.
Are there any escrow arrangements?	None of the Units issued under the Offer will be subject to escrow restrictions.
Is there any brokerage, commission or stamp duty payable by Applicants?	No brokerage, commission and stamp duty are payable by Applicants upon acquisition of the Units under the Offer (unless you have separately agreed to pay a fee to your broker or adviser). You may be required to pay brokerage if you sell your Units on the ASX after Units have been quoted on the ASX.
What are the tax implications of investing in the Units?	A general description of the tax implications is set out in Section 11. Given that the taxation consequences of an investment will depend upon the investor's particular circumstances, it is the obligation of each investor to make their own enquiries concerning the taxation consequences of an investment in the Units. If you are in doubt as to the course you should follow, you should consult your stockbroker, solicitor, accountant, tax adviser or other independent and qualified professional adviser.

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TOPIC	SUMMARY
Can the Offer be withdrawn?	Yes. The Offer is subject to raising the Minimum Amount and quotation approval by ASX. If the Minimum Amount is not raised, the Issuer will withdraw the Offer. The Responsible Entity reserves the right not to proceed with the Offer for any other reason at any time before the issue of Units. If the Offer does not proceed for any reason, all Application Monies will be refunded to the Applicants as soon as practicable. No interest will be paid on any Application Monies refunded.
Where can I find more information about this PDS or the Offer?	A hard copy of this PDS is also available free of charge during the Offer Period to any investors who have a registered address in Australia and who have received it in electronic form at their registered address in Australia, by calling the Offer Information Line on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia) between 8.15am and 5.30pm (Sydney time), Monday to Friday (excluding public holidays). If you have queries about how to apply under the Offer, please contact your Broker or call the Offer Information Line on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia) between 8.15am and 5.30pm (Sydney time), Monday to Friday (excluding public holidays), during the Offer Period. If you are unclear in relation to any matter or are uncertain as to whether acquiring Units in the Trust is a suitable investment for you, you should seek professional advice from your stockbroker, solicitor, accountant or other independent qualified professional adviser.

10.5 How to Apply under the Broker Firm Offer

The Broker Firm Offer is open to retail investors and Institutional Investors who have received a firm allocation from their Broker to participate in the Offer under this PDS.

If you have received an invitation to participate in the Offer from your Broker, you will be treated as eligible to become an Applicant under the Broker Firm Offer. You should contact your Broker to determine whether you can receive an invitation from them under the Broker Firm Offer.

If you have received an invitation to participate from your Broker and wish to apply for Units under the Broker Firm Offer, you must complete the Application Form. You must contact your Broker for information on how to submit the Application Form. Application Forms must be completed and Application Monies must be paid in accordance with the instructions given to you by your Broker and the instructions set out on the Application Form.

If you have queries about how to apply under the Offer, please contact your Broker or call the Offer Information Line on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia) between 8.15am and 5.30pm (Sydney time), Monday to Friday (excluding public holidays), during the Offer Period.

Any applications submitted may be subject to a Scale-Back. The allocation and Scale-Back of Units is determined by the Issuer and the Investment Manager in agreement with the Joint Lead Managers.

The Issuer reserves the right to close the Offer early without prior notice. Applicants are therefore encouraged to ensure that Application Forms are submitted as early as possible. The Responsible Entity reserves the right to extend the Offer or accept late Applications.

Applications must be for a minimum of 2,500 Units for a total of $5,000. Applications may be made for additional Units in multiples of 500 Units for $1,000 in Application Monies.

By making an Application, you declare that you were given access to this PDS, provided together with the Application Form. The Corporations Act prohibits any person from passing an application form to another person unless it is accompanied by a hard copy or electronic copy of this PDS.

The Responsible Entity, the Managers, the Joint Lead Arrangers, the Joint Lead Managers and the Unit Registry take no responsibility for any acts or omissions committed by your Broker in connection with your Application.

The Broker Firm Offer opens at 9.00am on the Opening Date (expected to be 24 February 2026) and is expected to close at 5.00pm, Sydney time on the Closing Date (expected to be 4 March 2026).

10. Details of the Offer Continued

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10.6 Allocation of Units

Broker Firm Offer

The allocation of Units under the Broker Firm Offer is determined by the Responsible Entity and Managers in agreement with the Joint Lead Arrangers and Joint Lead Managers. It will be a matter for each Broker (and not the Responsible Entity nor the Joint Lead Arrangers nor the Joint Lead Managers) as to how they allocate Units among their clients. Units which are allocated to Brokers for allocation to their clients will be issued to the Applicants nominated by those Brokers.

Cornerstone Offer

Prior to the date of this PDS, a cornerstone process was undertaken under which the Cornerstone Investors committed to the Responsible Entity and the Joint Lead Managers to acquire Units at the Issue Price under this PDS. These cornerstone commitments amount to $145 million (or 72.5 million Units). Allocations to the Cornerstone Investors are advised to those investors under the Cornerstone Offer.

10.7 Allotment and issue of Units under the Offer

Subject to the Minimum Amount to the Offer being raised and the admission of the Trust to the Official List, allotment of the Units offered by this PDS will take place on the Allotment Date expected to be 18 March 2026.

The Responsible Entity reserves the right to allot the Units in full for any Application or to allot any lesser number or to decline any Application if they believe the Application does not comply with applicable laws or regulations.

If an Application Form is not completed correctly, or if the accompanying payment of the Application Monies is for the wrong amount or is not received in full, it may still be treated as a valid Application. The Responsible Entity's decision whether to treat the Application as valid and how to construe, amend or complete the Application Form is final. However, an Applicant will not be treated as having applied for more Units than is indicated by the amount of Application Monies paid by the Applicant.

10.8 ASX Clearing House Electronic Sub-register system

The Responsible Entity will apply to participate in the ASX's Clearing House Electronic Sub-register System (**CHESS**), in accordance with the ASX Listing Rules and the ASX Settlement Rules. CHESS is an automated transfer and settlement system for transactions in securities quoted on the ASX under which transfers are effected in an electronic form.

When the Units become CHESS approved securities, holdings will be registered in one of two sub-registers, an electronic CHESS sub-register or an issuer sponsored sub-register. A CHESS participant, or a person sponsored by a CHESS participant, will have their Units registered on the CHESS sub-register. All other Units will be registered on the issuer sponsored sub-register.

Following allotment, successful Applicants will be sent a Holding Statement that sets out the number of Units that have been issued to them under the Offer. This Holding Statement will also provide details of a Holder Identification Number (HIN) or, where applicable, the Securityholder Reference Number (SRN) of issuer sponsored holders. Certificates will not be issued.

10.9 Refunds

Application Monies will be refunded (in full or in part, as applicable) in Australian dollars where, after payment of the Application Monies, an Application is rejected, an Application is subject to a Scale-Back or the Offer is withdrawn or cancelled or the Units are not quoted on the ASX within 3 months of the date of the PDS (or within such longer period as may be permitted by ASIC). No interest will be paid on any refunded amounts. The Issuer, irrespective of whether the allotment of the Units takes place, will retain any interest earned on the Application Monies.

Refund cheques or EFTs will be sent as soon as practicable following the close of the Offer.

10.10 No Overseas Applicants permitted

The Offer under this PDS is only open to investors who have a registered address in Australia.

No action has been taken to register or qualify the PDS or otherwise to permit a public offering of the Units in any jurisdiction outside of Australia.

This PDS does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. The distribution of this PDS in jurisdictions outside Australia may be restricted by law. Persons who come into possession of this PDS who are not in Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities law.

In particular, the PDS has not been and will not be registered under the US Securities Act of 1933, as amended, (**US Securities Act**) or the laws of any State of the United States and may not be offered or sold within the United States or to, or for the account or benefit of a US Person (as defined in Regulation S of the US Securities Act) except in a transaction exempt from the registration requirements of the Securities Act or applicable US state securities laws.

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10.11 Investor Acknowledgements

Each Applicant under the Offer acknowledges and warrants in favour of the Issuer, Managers, Joint Lead Arrangers and Joint Lead Managers that:

- they agree to become a Unitholder and to be bound by the Constitution and the terms and conditions of the Offer;
- they acknowledge having personally received a printed or electronic copy of the PDS (and any supplementary or replacement PDS) accompanied by the Application Form and having read them all in full and understood them;
- they acknowledge they have had an opportunity to consider the suitability of an investment in the Units with their professional advisers;
- they have carefully considered the features of the Units and the Trust as described in the PDS (including, without limitation, the various risks set out in Section 12 and investor suitability) and their own personal circumstances and, after obtaining any financial and/or tax advice that they deemed appropriate, they are satisfied that their proposed investment in the Units is consistent with their investment objectives, financial circumstances or particular needs;
- they have declared that all details and statements in their Application Form are complete and accurate and they will hold the Issuer, the Manager, the Joint Lead Arrangers and the Joint Lead Managers and their respective related bodies corporate and affiliates and their respective directors, officers, employees, consultants, agents, representatives, partners and advisers (**Relevant Parties**) harmless and indemnify the Relevant Parties for any loss due to the details and information provided being or ceasing to be complete and accurate due to any negligent or wilful misrepresentation by them;
- they declare that they are not: (a) a related party of the Responsible Entity or of the Managers; (b) an associate of a related party of the Responsible Entity or of the Managers; or (c) a person whose relationship to the entity or a person referred to in (a) or (b) is such that this should be treated as affiliated with the Responsible Entity or the Managers;
- they declare that the Applicant(s), if a natural person, is/are at least 18 years of age;
- they declare that the Applicant(s) is/are not bankrupt;
- they acknowledge that, once the Responsible Entity, the Unit Registry or a Broker receives an Application Form (including electronically), it may not be withdrawn;
- they have applied for the number of Units at the Australian dollar amount shown on the front of the Application Form;
- they agree to being allocated and issued the number of Units applied for (or a lower number allocated in a way described in this PDS), or no Units at all;
- they acknowledge that the Responsible Entity reserves the right to reject any application in its absolute discretion;
- they authorise the Responsible Entity, the Joint Lead Arrangers, the Joint Lead Managers and their respective officers or agents, to do anything on behalf of the Applicant(s) necessary for Units to be allocated to the Applicant(s), including to act on instructions received by the Unit Registry upon using the contact details in the Application Form;
- they acknowledge that the information contained in this PDS (or any supplementary or replacement PDS) is not investment advice nor a recommendation that Units are suitable for the Applicant(s), given the investment objectives, financial situation or particular needs (including financial and tax issues) of the Applicant(s);
- they declare that the Applicant(s) has/have a registered address in Australia;
- they acknowledge and agree that the Offer may be withdrawn by the Issuer or may otherwise not proceed in the circumstances described in this PDS;
- they acknowledge and agree that if the listing of the Trust on the Official List does not occur for any reason, the Offer will not proceed;
- they understand that an investment in the Trust is subject to investment risk, including the total loss of capital invested and there may be delays in the repayment of any capital invested;
- they understand that an investment in the Trust is not a deposit with the Responsible Entity or the Managers;
- they acknowledge that none of the Relevant Parties, the Underlying Fund Trustee, nor any other person associated with the Units or Underlying Fund Units guarantees or warrants the future performance of the Units or the Underlying Fund Units, the Issuer, or the return on an investment made under the PDS, the repayment of capital on the Units or the Underlying Fund Units, or any payment of Distributions or any other amount on, or in connection with the Units or the Underlying Fund Units;

10. Details of the Offer Continued

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- they acknowledge that the Relevant Parties do not guarantee the performance of the Trust, the repayment of capital or the returns (if any) to be received by investors, and are not underwriting the Offer, and the Joint Lead Arranger and Joint Lead Manager functions should not be considered to be an endorsement of the Offer or a recommendation of the suitability of the Offer for any investor;
- they acknowledge that the Joint Lead Arrangers, the Joint Lead Managers nor any of their respective related bodies corporate or affiliates or their respective directors, officers, employees, consultants, agents, representatives, partners or advisers, nor any other person, other than the Issuer, is responsible for, or has caused the issue, of the PDS;
- they acknowledge that they are not aware and have no reason to suspect that the monies used to fund their investment in the Units has been or will be derived from or related to any money laundering, terrorism financing or similar or other activities illegal under applicable laws or regulations or otherwise prohibited under any international convention or agreement (**AML/CTF Law**);
- they will provide the Responsible Entity with all information in their possession or control and assistance that the Responsible Entity may reasonably request in order for the Responsible Entity to comply with the AML/CTF Law, the U.S. Foreign Account Tax Compliance Act (**FATCA**) and the Common Reporting Standards (**CRS**) to the extent related to your investment in the Units;
- they acknowledge the Responsible Entity may decide to delay or refuse any request or transaction, including by suspending the issue or transfer of units in the Trust, if the Responsible Entity is concerned that the request or transaction may breach any obligation of, or cause the Responsible Entity to commit or participate in an offence (including under the AML/CTF Law, FATCA and CRS);
- they have read and understood the privacy disclosure as detailed in the PDS;
- they acknowledge that the collection of their personal information may be required by the *Financial Transaction Reports Act 1988*, the *Corporations Act 2001*, the I*ncome Tax Assessment Act 1936*, the *Income Tax Assessment Act 1997*, the *Taxation Administration Act 1953* and the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (**AML/CTF Act**). They acknowledge that if they do not provide personal information, where such information is reasonably required for the Responsible Entity to comply with applicable law, the Responsible Entity may not allow them to acquire Units;
- they consent to their personal information being collected, held, used and disclosed in accordance with this PDS voluntarily;
- they agree to the Responsible Entity disclosing their personal information to any of the Responsible Entity's service providers, in relation to any identification and verification that the Responsible Entity is required to undertake on you, as required under the AML/CTF Act. This shall include any information:
  - required by any third-party document verification service provider; and/or
  - provided to any third-party document verification service provider;
- they acknowledge that by providing an e-mail address in your Application Form you are electing to receive notices of meetings, financial reports and other communications from the Trust electronically to the provided e-mail address;
- they acknowledge and agree to receive, from time to time, Acquisition Offers as contemplated in section 14.2(b); and
- they acknowledge that if an electronic copy or printout of the Application Form is introduced as evidence in any judicial proceeding, it will be admissible as an original Application Form record.

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11. Taxation Overview

11. Taxation Overview

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11.1 Introduction

This section provides an overview of the likely Australian income tax, GST and stamp duty consequences for investors in the Trust, based on the laws of the Commonwealth of Australia in force as at the date of this PDS.

These laws are subject to change periodically as is their interpretation by the courts and the Australian Taxation Office ("ATO"). This overview outlines the Australian taxation position of Unitholders in the Trust who hold their Units on capital account. It is not intended to apply to investors who are carrying on a business of investing, trading in investments or investing for the purpose of profit making by sale or subject to the taxation of financial arrangements ("TOFA") regime.

Information provided in this section is of a general nature and is not intended to be legal advice. Potential investors should obtain their own independent advice on the tax implications of investing in the Trust, based on their own specific circumstances. It is outside the scope of this section to comment on the taxation implications for the Underlying Funds.

11.2 Taxation Of The Trust

The Trust should generally be treated as a 'flow-through' entity for Australian income tax purposes and should not be subject to income tax. Rather, investors should be taxed on their share of the taxable income of the Trust each year.

The taxable income of the Trust is expected to primarily comprise interest income and other income and gains of a revenue nature, which will predominantly be attributed from the Underlying Fund Units held by the Trust.

If the Trust makes a loss for Australian income tax purposes in a financial year, the tax loss may not be distributed to investors but may be carried forward by the Trust to be offset against taxable income of the Trust in future financial years, subject to the satisfaction of certain tax loss recoupment rules.

For income tax purposes, the Trust may be taxed like a company if it is a 'public trading trust'. However, provided that the Trust and any entities that the Trust controls (or has the ability to control, either directly or indirectly) do not carry on a 'trading business', the Trust should not be treated as a public trading trust. Based on the investment structure and strategy of the Trust, it is not expected that the Trust will be a public trading trust.

(a) Attribution Managed Investment Trust Status

The Trust is expected to qualify as a managed investment trust ("MIT") for Australian income tax purposes. In addition, the Responsible Entity intends to make an irrevocable election to apply the attribution managed investment trust ("AMIT") provisions to the Trust.

The Responsible Entity intends to attribute the taxable income of the Trust to the investors in accordance with the AMIT rules and the Constitution each financial year. Other than unders and overs, which may be carried forward to future years where the Trust is an AMIT, if there is taxable income of the Trust that is not attributed to an investor, the Trust will be subject to tax at the highest marginal rate (plus Medicare levy) on that non-attributed income.

(b) MIT Capital Account Election

The Responsible Entity intends to mitigate any tax character mismatches that can arise where realised losses on the redemption or partial redemption of units in the Underlying Fund are of a capital nature and cannot be used to offset other income. In this regard, the Responsible Entity will not elect for deemed capital account treatment for its covered assets under the MIT rules. Consequently, the units in the Underlying Fund will be deemed to be held on revenue account by the Trust. On this basis, any realised gains and losses on a disposal (e.g. redemption) of a unit in the Underlying Fund will be treated as ordinary income and allowable deductions, respectively, for the Trust.

(c) Taxation of Financial Arrangements

If the Trust's assets are $100 million or more, or if the Responsible Entity makes an election, the Trust will be subject to the Taxation of Financial Arrangements (TOFA) provisions of the tax legislation which provide rules in relation to the method for calculating gains and losses from financial arrangements, and the time at which these gains and losses are brought to account for tax purposes (the default recognition of gains and losses would be accruals or realisation method but there are certain elections that the Responsible Entity might make for alternative timing recognition).

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11.3 Taxation Of Australian Resident Investors

(a) Taxation of Distributions

Australian resident Unitholders are generally subject to tax on their share of the Trusts taxable income that is 'attributed' to them (where the AMIT rules apply) or in the year they become presently entitled to the income of the Trust (where the AMIT rules do not apply). Any attribution must be worked out by the Responsible Entity on a fair and reasonable basis in accordance with the Constitution of the Trust.

Please note that at the time you acquire Units in the Trust there may be:

- unrealised gains or accrued income in the Trust. If later realised, such gains and income may form part of the taxable income attributed to you; or
- realised but undistributed taxable income in the Trust, which may form part of the taxable income attributed to you.

Where the Trust is in a tax loss position in a particular year, the loss is retained in the Trust and is not distributable to Unitholders. The loss can be carried forward by the Trust and used to offset taxable income in future years (subject to satisfaction of certain loss integrity tests).

If the cash distribution to a Unitholder exceeds a Unitholder's allocation of the Trust's net taxable income, the excess (often known as a 'tax deferred' distribution) will generally not be immediately assessable to the Unitholder. Similarly, a return of capital by the Trust will not be immediately assessable to the Unitholder.

Distributions of tax deferred amounts or returns of capital will generally reduce the Unitholder's CGT cost base of their Units in the Trust. Once the cost base of a Unitholder's Units has been reduced to nil any additional tax deferred amounts or returns of capital will be assessable to a Unitholder as a capital gain.

Conversely, under the AMIT regime, if the cash distributed to a Unitholder is less than the Unitholder's allocation of the Trust's net taxable income, the Unitholder may be entitled to a cost base increase on the Unitholder's Units in the Trust. These cost base adjustments will impact upon the capital gains tax position upon the ultimate disposal of the Unitholder's Units in the Trust.

Unitholders should wait until receipt of an annual tax statement, known as an AMIT member annual (AMMA) statement (where the AMIT rules apply), before completing an income tax return. The tax or AMMA statement will set out details of any taxable income components, non-assessable components, capital gains attributed for the financial year and any cost base adjustments.

(b) Disposal of Units

If an Australian resident Unitholder trades their Units, or has their Units redeemed, this will result in a disposal for income tax purposes.

Where a Unitholder holds their Units on capital account, a disposal of those Units may trigger a capital gain or loss, and each Unitholder should calculate their capital gain or loss according to their own particular facts and circumstances.

Unitholders would derive a taxable capital gain where the capital proceeds received as a result of the disposal of their Units exceed the cost base of the relevant Units at the time of disposal. Unitholders would incur a capital loss where the reduced cost base of the Units disposed of is greater than the capital proceeds.

Generally, the capital proceeds received by Unitholders from the disposal of Units will equal the consideration received on disposal of those Units. The Units' cost base will generally be equal to the amount paid to acquire those Units plus brokerage (if any) and any other incidental costs. The Units' cost base will also need to include relevant cost base adjustments since acquisition (such as tax deferred components or cost base increases as outlined above).

In calculating any capital gain, a discount of 50% for individuals and trusts (conditions apply), or 33⅓% for complying Australian superannuation funds may be allowed where the Units have been held for at least 12 months. No CGT discount is available to corporate Unitholders.

Any capital losses arising from the disposal of the investment may be used to offset other capital gains the Unitholder may have derived. Net capital losses may be carried forward for offset against capital gains of subsequent years but may not be offset against ordinary income.

(c) Foreign income tax offsets

The Trust may derive foreign sourced income that might be subject to foreign tax. Australian resident Unitholders should include their share of both the foreign income and the amount of any foreign tax withheld in their assessable income. In such circumstances, Unitholders may be entitled to a Foreign Income Tax Offset (**FITO**) for the foreign tax paid, against the Australian tax payable on the foreign-sourced income. An investor's entitlement to FITOs may be limited to the extent that the FITO does not relate to an amount included in assessable income, or to the extent the investors do not have sufficient overall foreign source income to utilise all of the FITOs relevant to a particular year of income. FITOs that are not utilised cannot be carried forward to a future income year.

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11.4 Taxation Of Non-Resident Investors

(a) Taxation of Distributions

The Trust is expected to earn and distribute mostly interest income and foreign sourced income.

The distribution of foreign sourced income by the Trust should not be subject to Australian withholding tax when paid to a non-resident Unitholder.

The distribution of Australian sourced interest income by the Trust will be subject to 10% Australian interest withholding tax when paid to a foreign resident Unitholder (unless an exemption applies).

In the event that the Trust distributes Australian sourced income that is not in the nature of interest, such income may attract a higher rate of withholding tax. In particular, line fees may be subject to 15% MIT withholding tax when attributed to Unitholders with an address in a country with an effective tax information exchange agreement with Australia. When attributed to Unitholders with an address in a country that does not have an information exchange agreement with Australia line fees may be subject to 30% MIT withholding tax.

Foreign resident Unitholders may also be subject to tax in the country they reside in and may be entitled to a credit for some or all of the tax paid in Australia.

(b) Disposal of Units

If a foreign resident Unitholder disposes of the Unitholder's investment in the Trust, the disposal would generally be a CGT event. However, the capital gain or loss that arises in relation to the CGT event can be disregarded for Australian income tax purposes if the Units do not meet the definition of Taxable Australian property (TAP).

In the case of the Trust, the Units are not expected to meet the definition of TAP. Consequently, any capital gain/loss arising on a disposal by a foreign resident Unitholder should be disregarded for Australian income tax purposes.

11.5 Goods And Services Tax And Stamp Duty

The Trust is registered for GST. The acquisition and disposal of Units should not be subject to GST. The distributions paid by the Trust should not be subject to GST. GST is payable on certain ongoing expenses, but the Trust may be able to claim reduced input tax credits, depending on the precise nature of the expenses incurred.

The issue, redemption, transfer or any other arrangement involving a change in unitholding in the Trust may result in stamp duty consequences. Unitholders should seek professional taxation advice regarding any potential duty in connection with any dealing in their Units.

11.6 Tax File Number And Australian Business Number (Australian Resident Investors Only)

The Trust is an investment body for income tax purposes and accordingly, in certain cases the Responsible Entity will be required to obtain a TFN or ABN from Unitholders. It is not compulsory for a Unitholder to quote their TFN or ABN. If a Unitholder is making this investment in the course of a business or enterprise, the Unitholder may quote an ABN instead of a TFN.

Failure by a Unitholder to quote an ABN or TFN or claim an exemption may cause the Responsible Entity to withhold tax at the top marginal rate, plus levies, on gross payments including distributions of income to the Unitholder. The Unitholder may be able to claim a credit in their tax return for any TFN or ABN tax withheld. Collection of TFNs is permitted under taxation and privacy legislation.

11.7 Foreign Account Tax Compliance Act And Common Reporting Standard

In compliance with the US income tax laws commonly referred to as FATCA and the Intergovernmental Agreement signed with the Australian Government in relation to FATCA, the Responsible Entity will be required to provide information to the ATO in relation to:

(a) Unitholders that are US citizens or residents;

(b) entities controlled by US persons; and

(c) financial institutions that do not comply with FATCA.

The Responsible Entity intends to conduct all appropriate FATCA related due diligence. Where Unitholders do not provide appropriate information, the Responsible Entity will also be required to report those accounts to the ATO.

The CRS is the single global standard for the collection, reporting and exchange of financial account information of foreign residents. The CRS is similar to FATCA, and accordingly the Responsible Entity will need to collect and report similar financial account information of all foreign residents to the ATO. The ATO may exchange this information with the participating foreign tax authorities of those foreign residents.

11.8 Annual Investment Income Report

The Responsible Entity may be required to lodge annually an Annual Investment Income Report (**AIIR**) to the ATO containing Unitholder identity details and details of unit disposals and investment income paid or attributed to Unitholders for the relevant income year.

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12. Risk Factors

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12.1 Introduction

There are a number of risks that, either individually or in combination, may materially and adversely affect the future operating and financial performance of the Trust and the Units and the value of the Units. The Trust will initially invest in units of the Underlying Funds in line with the Investment Strategy. Accordingly, there are a number of risks in respect of the Trust and the Units that relate to the Trust's investment in the Underlying Funds Units. The Trust may over time also acquire a portfolio of direct assets that fall within the Investment Strategy and may also invest in other funds managed by Kapstream, in line with the Investment Strategy of the Trust.

Some of these risks may be mitigated by the Issuer, the Underlying Funds, and/or the Investment Manager's internal controls and processes, but many are outside their control. There can be no assurance that the Issuer will achieve its stated objectives or that any forward-looking statements will eventuate.

Investors should consider the risk factors described below. These risks have been separated into:

- specific risks relating to the Issuer and the Managers described in Section 12.2;
- specific risks relating to the Investment Strategy, the Underlying Funds, and the industry described in Section 12.3; and
- general risks relating to an investment in a listed entity described in Section 12.4.

This is not an exhaustive list of risks, and it does not list every risk that may be associated with an investment in Units or the Trust's Investment Strategy now or in the future. They should be considered in conjunction with the other information disclosed in this PDS. Before applying for Units, investors should be satisfied that they have a sufficient understanding of the risks involved in making an investment in the Units and should consider whether the Units are a suitable investment, having regard to their own investment objectives, financial circumstances, and taxation position. If you do not understand any part of this PDS or are in any doubt as to whether to invest in the Units, it is recommended that you seek professional guidance from your stockbroker, solicitor, accountant, tax adviser or other independent and qualified professional adviser before deciding whether to invest.

Any risk that adversely impacts the performance of the Trust or the Underlying Funds may impact the Trust's ability to make distributions on the Units and lead to a decrease in their value. There is no guarantee or assurance that the risks will not change or that other risks or matters that may adversely affect the performance of the Trust or the Underlying Funds, the sectors in which they operate or the value of the Units, will not emerge.

12.2 Risk factors relating to the Issuer and the Managers

(a) No operating history risk

The Trust is a newly formed entity with no financial, operating or performance history, and no Trust-specific track record which could be used by an investor to make an assessment of the Trust's investments or the ability of the Investment Manager to successfully implement the Investment Strategy.

(b) Investment manager risk

The Trust and the Underlying Funds will rely on the Investment Manager to implement the investment strategies set out at Section 4. An investment in the Units is an indication that you believe that the Investment Manager is capable of making investment decisions that will result in the Units performing as expected.

The Responsible Entity has limited rights to terminate the Investment Management Agreement. The Investment Manager can only be terminated for cause during the Initial Term of the Investment Management Agreement (and with 3 months' notice by ordinary resolution of the Unitholders after the Initial Term). Furthermore, the Managers are also due a termination fee unless they are removed as the Managers for cause or if the Managers themselves give three months' notice after the Initial Term (see Section 9.3). As a result, even if the Managers fail to successfully implement the Investment Strategy, it may be difficult to remove the Managers.

In addition, if a Manager or both Managers cease to manage of the Trust, the Responsible Entity will be required to find an alternative replacement manager and this may affect the Trust's success and profitability, particularly if the incoming manager requires that it be paid a materially higher management fee. Also, as the portfolio of the Trust will be invested through the Underlying Funds, which are also managed by the Investment Manager, there may be difficulties in appointing a new manager without materially amending the Investment Strategy.

If the Investment Manager is removed as the manager of the Underlying Funds, the Underlying Fund Trustees may similarly not be able to identify a suitable replacement manager, which may adversely affect the performance of the Trust.

There is also a risk of potential conflicts of interest of the Investment Manager as described in more detail in Section 12.2(h) and a risk associated with it also managing the Underlying Funds in which the Trust will invest as described in more detail in Section 12.2(h). For further details on the potential conflicts of interest, please also refer to Section 14.8.

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(c) Personnel and change of control risk

The ability of the Investment Manager to successfully deliver on the Investment Strategy is dependent on retaining key employees (including its executive directors) and may also be influenced by a change of control of the Managers.

The loss of any of the executive directors, senior investment managers, or other key personnel, and a change of control or sale of the Investment Manager, could adversely affect the Investment Manager's business and performance.

(d) Regulatory risk and changes in legislation

The Responsible Entity, the Underlying Fund Trustees and the Managers operate in a highly regulated environment and are subject to a range of industry specific and general legal and other regulatory controls (including Australian financial services licensing and anti-money laundering/ counter terrorism funding requirements). Regulatory breaches may affect the Trust and the Underlying Funds' operational and financial performance, through penalties, liabilities, restrictions on activities and compliance, and other costs. Various Government Agencies regulate the Trust and Underlying Funds. ASIC is the primary regulator and routinely undertakes surveillance of Australian financial services licensees, and from time-to-time undertakes regulatory and enforcement action in relation to such licensees. If ASIC was to take such action against the Responsible Entity and Underlying Funds or the Managers, then this action might result in the Issuer and Underlying Fund's or the Managers' funds management business being restricted or prohibited from providing financial services, including operating its funds management business, or might lead to the imposition of additional compliance costs or reputational damage. ASIC may make a public announcement of its regulatory action.

In addition, the ASX Listing Rules will apply to the Issuer and the Units, and the Issuer will be required to make announcements to the ASX and will be subject to the ASX's surveillance. If the Issuer does not comply with the ongoing obligations and requirements imposed by the ASX or if the ASX changes its policies, there is the risk that the ASX may cease to approve the listing, impacting the ability of Unitholders to dispose of their Units.

Changes in government legislation and policy in jurisdictions in which the Issuer or the Managers operate, and changes in the ASX Listing Rules, may affect the value of funds managed by them and the financial performance and/or position of the Issuer.

(e) Tax consequences of investing in Units

A general description of the Australian taxation consequences of investing in Units is set out in Section 11. That discussion is in general terms, based on the Australian taxation law and administrative practice as at the date of the PDS, and is not intended to provide specific advice in relation to the circumstances of any particular investor. Accordingly, investors should seek independent advice in relation to their individual tax position.

(f) Information system and cyber risk

The Issuer, the Underlying Fund Trustees and the Managers rely on their infrastructure and information technology in order to operate their business. A severe disruption to or failure of the Issuer and Underlying Funds, or the Managers information technology systems, may adversely affect the operations of any or all of the Issuer and Underlying Fund Trustees, or the Managers and their current and future business and financial performance and/or position.

There is a risk of fraud, data loss, business disruption or damage to the information of the Trust and Underlying Funds or registry provider or to investors' personal information as a result of a threat or failure to protect this information or data.

(g) Service Provider Risk

The operation of the Trust and Underlying Funds relies on the successful performance of the Trust's and Underlying Funds' contracts with service providers. The Trust and Underlying Funds could be exposed to the risk of loss if a counterparty does not meet its obligations, including due to insolvency, financial distress, or a dispute over the terms of the contract or the termination of any of the material agreements, and there can be no assurance that the Issuer or Underlying Funds would be successful in enforcing its contractual rights. In the case of a counterparty default, the Trust or the Underlying Funds may also be exposed to adverse market movements while the Trust or the Underlying Funds sources replacement service providers.

(h) Potential conflict of interest of the Managers

The Trust will invest in the Underlying Funds Units issued by the Underlying Funds, and the Underlying Funds will then invest in line with the investment strategies set out in Section 4.3. The Investment Manager acts as the manager of the Underlying Funds. The Managers may also act as manager of other funds (and segregated accounts on behalf of other clients) which have similar investment objectives to the Trust, including funds that also invest in the Underlying Funds. This may create a potential conflict of interest for the Managers.

While the Managers have implemented policies and procedures to identify and mitigate such potential conflicts of interest, it is possible the Managers, in the course of its business, have potential conflicts of interest which may not be managed effectively and may be detrimental to the Trust and, ultimately, the Unitholders.

For further details on the potential conflicts of interest, please refer to Section 14.8.

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(i) Distribution risk

Distributions will be paid at the discretion of the Responsible Entity. The Responsible Entity's ability to pay a distribution from the Trust is contingent on the income the Trust receives from its investments. No guarantee can be given concerning the future earnings of the Trust, the earnings or capital appreciation of the Portfolio, or the return of your investment. The Investment Manager may make poor investment decisions which may result in the Trust's return being inadequate to pay distributions to Unitholders.

Distribution entitlements are non-cumulative, meaning a Unitholder is not entitled to recover any additional amount if the Responsible Entity does not make a distribution in a particular month if there is insufficient distributable income in that month.

(j) Risk related to limited off-market buybacks

As disclosed in Section 14.2(a) unless an Acquisition Offer is being made in a relevant quarter, the Responsible Entity, in consultation with the Managers, intends to make an off-market equal access buy-back offer to all Unitholders in the Trust on a quarterly basis for up to 5% of the issued capital of the Trust at the Buy-Back Price (subject to adequate funding, applicable law, the 10/12 Limit, the listing rules, and the buy-back being in the best interest of Unitholders). Buy-backs may be less than 5% of the issued capital of the Trust and may not occur at all. If they do occur, the result of a buy-back would be a reduction in the number of Units on issue and an outflow of Cash to pay to redeem the Units.

As mentioned in section 14.2(a), the off-market buy-back offer (or any Acquisition Offer) will not be made to Excluded Foreign Holders, which increases the risk that their Units will be illiquid. It should be noted that there may be minor rounding differences between participating Unitholders in the buy-back as a result of the proposed proportional Acquisition Scale-Back as described in Section 14.2(a).

The Trust may also not be able to make the buy-back offers due to insufficient liquidity in the Underlying Funds as described in Section 12.3(e).

(k) Risk related to limited Acquisition Offers

As mentioned in Section 14.2(b) certain Related Funds may make an Acquisition Offer for Units in certain quarters. The decision to make an Acquisition Offer will be made in consultation with the Managers and is a decision of the responsibility entity of the Related Fund, and is subject to adequate funding and applicable law including whether the Acquisition Offer is in the best interest of unitholders of the Related Fund. There is, therefore, no guarantee that such Acquisition Offer will be made, which may impact the potential liquidity that Unitholders have access to.

12.3 Specific risk factors relating to the Investment Strategy, the Underlying Funds, their investment strategies and the industry

(a) Investment Strategy risk

The Issuer seeks to generate sufficient returns from the underlying portfolio to meet the target return. There is no guarantee that the portfolio will generate these returns. The underlying portfolio of investments, including the investments held by the Underlying Funds, are financial entitlements, debt or other contractual obligations owed by third parties and may be unsecured and may be subordinated to more senior claims. They may or may not be liquid or able to be realised for their full intended value.

Adverse market conditions or portfolio management activities may prevent this objective from being achieved.

The Investment Strategy includes certain allocation ranges in relation to portfolio allocations (see Section 4). While the Investment Manager will endeavour to originate a portfolio in keeping with these allocation ranges on average through the life of the Trust, the ranges are only targets. As a result, the actual portfolio may not be in-line with the allocation ranges, and the portfolio may be more concentrated or have a risk profile which is different (and potentially higher) than that implied by the allocation ranges.

The historic performance of existing Underlying Funds cannot be relied on as a guide to future performance of the Issuer.

The Investment Strategy includes inherent risks. These include:

- the Issuer's success and profitability is reliant upon the ability of the Investment Manager to devise and maintain a portfolio that achieves the Investment Strategy and generates the return required to make distributions and to meet other obligations of the Issuer;
- the Issuer's investments may be illiquid and will require the Investment Manager to forecast future liquidity needs and to manage the portfolio accordingly. The future liquidity forecast may be incorrect, for instance, due to underlying investments not making principal or interest payments on-time or at all. These risks may mean that the Issuer is unable to make the distributions as contemplated or at all; and
- the ability of the Issuer or the Investment Manager to continue to manage the portfolio in accordance with this PDS, the Investment Management Agreement, the Investment Strategy, and the law which may be compromised by such events as the loss of their AFSLs or their authorisations, or imposition of conditions on the licences or other regulatory action.

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Whilst the Issuer and the Investment Manager have robust controls and policies in place, there is no guarantee the Investment Strategy will be implemented successfully or will meet its objectives. Failure to do so could negatively impact the performance of the Issuer and ultimately its ability to distribute to the Unitholders.

There is also a risk that the Issuer agrees, acting in the best interest of the Unitholders, to the Investment Manager's proposal to change the Investment Strategy from time to time which may lead to the Unitholders being exposed to a different strategy than originally contemplated.

(b) Risks associated with Fixed Income Securities

Any investment in Fixed Income Securities may experience a decline in income where market interest rates are falling and securities are reinvested at a lower yield. The impact of interest rate risk will largely depend on the term to maturity of the security. Refer to 'Interest rate risk' in Section 12.3(i) for further information.

There are a number of additional risks which can result in significant variability in investment returns and a loss of income or capital value, including market risk and credit risk. The level of credit risk will generally depend on the creditworthiness of the security issuer.

The risk that the security issuer of the Fixed Income Security (e.g. asset backed security, corporate bond, corporate loan or derivative counterparty) is unable or unwilling to make interest and/or capital repayments in full and/or on time, or may not meet other financial obligations. Fixed Income Securities are subject to legal, political, macro-economic, industry and business risks which may lead to a loss of capital or interest payments.

Losses may be complete or partial and may occur at any time depending on the extent of financial deterioration, the position of the Fixed Income Security in the capital structure of the issuer or whether the Fixed Income Security has security of assets in the case of default.

Fixed Income Securities may be assigned a credit rating from rating agencies or may be unrated. A credit rating is only an opinion of creditworthiness that is subject to change. Credit risk is generally considered to be lower with Investment Grade credit quality Fixed Income Securities and moves increasingly higher, the further down the credit quality spectrum. Deterioration in the creditworthiness of a security issuer is likely to lead to volatility in the Fixed Income Security secondary market price. A downgrade in credit rating may impact the spread causing the value of a Fixed Income Security to fall. Kapstream seeks to manage credit risk by adopting a due diligence process prior to investment which takes into account any applicable external credit rating and/or determines an "Internal Rating" on each issue in advance of the investment. In addition, Kapstream monitors, on an ongoing basis, the financial position of security issuers whose securities are held by the Trust or the Underlying Funds. Refer to 'Credit and default risk' in Section 12.3(n) for further information.

Investors are also exposed to risks associated with the terms and conditions of the individual financial security.

Fixed Income Securities may be unsecured, reducing Kapstream's ability to recover losses should a default event occur.

(c) Risks associated with Asset Backed Securities and Warehouse Financing

The value of Asset Backed Securities (ABS) including Warehouse Financing can be affected by a number of factors, including:

- changes in the market's perception of the underlying assets backing the security;
- economic and political factors such as interest rates and levels of unemployment and taxation which can have an impact on the arrears, foreclosures and losses incurred with respect to the pool of assets backing the security;
- changes in the market's perception of the adequacy of credit support built into the security's structure to protect against losses caused by arrears and foreclosures;
- changes in law and regulations governing non-bank financial institutions and the loans originated by these institutions;
- changes in the perceived creditworthiness of the originator of the underlying security or any other third parties to the transaction; and
- the speed at which loans within the pool are repaid by the underlying borrowers (whether voluntary or due to arrears or foreclosures).

At times of rapid changes in market conditions, it may be difficult to value certain publicly or manager-rated ABS and values may fluctuate considerably, with market prices quickly becoming out of date and not reflecting the value which would be realised on a sale of the relevant investments in such market conditions. The investments in Warehouse Financing are illiquid in nature with limited ability to sell. These trusts have pre-agreed tenors and orderly repayment of principal during the amortisation phase of winding up as well. Additionally, Warehouse Financing vehicles may repay in full or partially upon the issuance of a securitisation deal at any time, and this repayment can be unpredictable, increasing the risks of suffering lower than expected returns due to elevated levels of cash upon repayment.

The enforcement of these full recourse ABS structures may not achieve full recovery from the borrowers after enforcing the security interests in the related collateral and might not be able to fully recover the borrowed amounts from end borrowers either. This risk is even higher for

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unsecured consumer loans where the ability to recover from end borrowers is the only route to recovery for the trust. Therefore, there is a possibility that recoveries on defaulted collateral may not, in some cases, be available to support payments on these securities.

Some ABS structures have underlying loans or receivables which pay fixed rates of interest and hence the Warehouse Financing vehicles enter into derivatives (swaps or interest rate caps) for the sole purpose of interest rate hedging/risk management to convert fixed rate cash flow receipts into floating rate cash flow receipts to align with the floating rate repayments to be made to investors. This creates additional risk for these Warehouse Financing vehicles through exposures to third parties. This may have an impact on the credit performance or rating of any given security and a default by such a third party or change in the value of the derivative contract may increase the risk of loss given a default of the ABS which may impact the Trust's NAV and returns to Unitholders.

The investment characteristics from ABS differ from traditional debt securities. Among the major differences are that interest and principal payments are made more frequently, very often monthly or quarterly, and that principal may be prepaid at any time because the underlying loans are often capable of being repaid at any time.

ABS may be unsecured or may be comprised of underlying loans which themselves are unsecured. This may reduce the ability of Kapstream to recover losses in the event of a default.

Some ABS structures may have exposure to property secured or related loans. See risk in Section 12.3(cc) below.

(d) Investment in Underlying Funds

The Trust will invest in the Underlying Funds. Factors influencing the financial performance of the Underlying Funds may adversely impact the value of the Trust's assets or quantum of its earnings which may in turn impact the performance of the Units.

The Trust does not have the right to influence the Underlying Funds in which it is invested (other than any general rights that may apply as an investor in the Underlying Funds). The Trust is effectively a passive investor in those funds alongside other investors and may not be able to effect a redemption of its exposure to the Underlying Funds. This means the Trust may not be able to protect its interests (and ultimately the Unitholders) in respect of what happens at the Underlying Funds level. There is a risk that there will be changes at the Underlying Funds level, such as in relation to termination and fee clauses. In addition, changes to government policies and laws (including investment sanctions) may impact Underlying Funds. There is also a risk that the relevant trustee, responsible entity, or Kapstream may be replaced. The Underlying Funds may be closed to new further investments or terminated by notice. There is also a risk that investing in the Underlying Funds may give different results from holding the underlying assets of the Underlying Funds directly because of: income or capital gains accrued in the Underlying Funds at the time of investing; and the consequences of investment and withdrawal decisions made by other investors in the Underlying Funds; for example, a large level of withdrawals from the Underlying Funds may lead to the need to sell underlying assets which would potentially realise income and/or capital gains. There is also a risk that adverse Underlying Fund outcomes, whether due to regulatory shifts, trading outcomes, or general economic conditions, may lead to greater than usual withdrawals which in turn could have adverse effects on the Underlying Funds.

(e) Underlying Funds liquidity risk

There is a liquidity risk associated with the Trust's investment in the Underlying Funds. The Underlying Funds Units held by the Trust's redemption may be limited as set out in section 14.5. While the Managers will use reasonable endeavours to generate such liquidity to allow for the buy-back process described in Section 14.2(a), the Managers makes no guarantee that it will be able to do so. This directly limits the ability of the Trust to redeem the interests it holds in the Underlying Funds and its ability to make off-market buy-back offers.

Please refer to Section 14.5 for further details on the liquidity.

(f) Currency risk

Some investments held by the Trust or the Underlying Funds may be denominated in a currency different to Australian Dollars. A change in the value of these currencies relative to the Australian dollar can affect the value of the investments. Kapstream aims to hedge most or all of this exposure back to the Australian dollar but hedges may be ineffective or uneconomic. Certain Underlying Funds may also invest directly in foreign currencies.

(g) Derivative risk

The Trust and Underlying Funds may also invest in derivatives primarily as a risk management tool for interest rate and foreign exchange risk. The Trust and Underlying Funds may also use derivatives to generate returns and to manage duration by gaining or reducing economic exposure to bonds.

Risks associated with using derivatives may include, but are not limited to, the value of a derivative failing to move in line with that of the underlying asset, loss exceeding initial investment and potential illiquidity. Derivatives may also be subject to collateral risk and counterparty risk.

The value of a derivative is linked to the value of an underlying asset and can be volatile. While the use of derivatives offers the opportunity for higher gains, it can also magnify losses. Risks associated with using

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derivatives might include the value of the derivative failing to move in line with that of the underlying asset, potential illiquidity of the derivative, the relevant fund not being able to meet payment obligations as they arise or the risk that the other party with whom the derivative contract is held will fail to perform its contractual obligations

The Investment Manager aims to keep derivative risk to a minimum by:

- constantly monitoring the use of derivatives;
- aiming to ensure that sufficient liquid assets are kept to meet all obligations, costs, liabilities and potential losses associated with derivatives; and
- entering into derivative contracts with reputable counterparties.

Where a derivative is used as a risk management tool, there can be no guarantee or assurance that the use of derivatives will be effective or assist in managing the risk it intends to address and it may result in losses for Unitholders. Where a derivative is used to gear the Trust or Underlying Funds, or otherwise to enhance returns, there is no guarantee or assurance that they will achieve their intended investment aims.

(h) Liquidity risk

The Trust and the Underlying Funds may invest in securities that are illiquid. This may impact its ability to offer Buy-Backs and may impact the Trust's ability to withdraw from the Underlying Funds as the funds themselves may become illiquid. A significant proportion of the Trust assets and Underlying Funds assets may be unlisted depending on the allocation between them. There is no guarantee that there will be a market for the sale of any unlisted assets. Kapstream aims to mitigate this risk in a number of ways, including the following: by maintaining effective portfolio diversification, by including transferor provisions within underlying asset documentation to enable the transfer of particular assets of the Kapstream's choosing out of the Underlying Funds to a pre-determined list of other market participants and/or other portfolios managed by the Kapstream, without the need to obtain permission of the asset originator; by focusing the majority of investments on shorter-dated assets where assets mature more frequently creating natural portfolio liquidity; and by maintaining a minority exposure within the Trust to more liquid assets, including cash, at all times.

Kapstream will also perform regular stress-testing as set out in Section 14.5. There is no guarantee that this stress testing will be effective or able to be conducted efficiently.

There is no guarantee that any of these risk mitigation measures will be effective or available on economic terms.

(i) Interest rate risk

Interest rate risk is the risk of loss incurred by fixed income and credit securities due to a change in the level of interest rates. In general, as interest rates rise, the price of fixed rate securities will fall. Kapstream seeks to reduce this risk by investing in assets issued with a floating rate, and therefore where the price impact of a change to interest rates is mitigated. Where the Trust or the Underlying Funds holds assets with fixed rates, Kapstream may hedge interest rate risk through the use of interest rate derivatives. Hedging through interest rate derivatives may not be effective or available on economic terms.

Kapstream believes there is a strong correlation between the RBA Cash Rate and the base rates upon which loans are priced, and therefore absolute returns on loans are expected to rise and fall with some correlation with the RBA Cash Rate.

(j) Valuation risk

The Trust and the Underlying Funds may invest in investments that are not exchange-traded, where they rely on a third party to value assets, based on observable market data and prices for comparable assets. Failure to be able to obtain a reliable valuation for a particular asset or assets may have an impact on the value of the Trust and/or Underlying Fund.

The Trust's valuation process may be compromised by the valuation processes of the Underlying Funds, as there may be a timing mismatch between the frequency of the valuations of the Underlying Funds and those of the Trust.

While the Trust and Underlying Funds are externally audited periodically there can be no guarantee that any particular asset held by the Trust or an Underlying Fund has had an externally audited valuation undertaken.

(k) Counterparty and service provider risk

The Trust and the Underlying Funds rely on external service providers or counterparties that may default in their performance or terminate their services, affecting the investment activities of The Trust and the Underlying Funds. The Managers and the Responsible Entity aim to mitigate this risk through the careful selection and due diligence of counterparties and service providers, and through ongoing monitoring of performance. There can be no guarantee that such risk mitigation measures will be effective.

(l) Emerging market risk

The Trust and the Underlying Funds may have exposure to emerging markets. Emerging market risk refers to potential adverse political, economic or social developments affecting investment returns from these investments. Emerging markets are generally considered riskier than developed markets due to factors such as lower liquidity and unstable political environments that may lead to greater volatility in returns from such investments.

12. Risk Factors Continued

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This includes investing in companies in developing countries or investing in companies in developed countries with activities exposed to emerging markets. Investment returns can be more volatile than returns of developed markets due to the legal, political, business and social frameworks being less developed than those in more established market economies. Examples of heightened risks include political or social instability, less government regulation of business, stock exchanges and industry practices, government manipulation of currency or capital flows, inflation, deflation or currency devaluation, and greater sensitivity to interest rates and commodity prices.

(m) High yield bond risk

The Trust and the Underlying Funds may have exposure to high yield bonds. High yield bonds rated sub-Investment Grade, or bonds which are unrated but judged to be of comparable quality with sub-Investment Grade bonds, may be more volatile than higher-rated bonds of similar maturity. High yield bonds may be subject to greater levels of credit default. High yield bonds may be less liquid and more difficult to sell at an advantageous time or price or value than higher-rated bonds.

(n) Credit and default risk

Credit risk is the risk that one or more of the assets of the Trust and the Underlying Funds may decline in price or fail to pay interest or principal when due because a borrower experiences a deterioration in its financial status. Default risk is the risk that a borrower defaults on their obligations, for instance, by failing to make a payment when due or to return the principal. Maturity and quality of the issuer are the main determinant of the impact of these risks. The taking of security or the provision of third-party guarantees may not fully mitigate the risk of credit loss. This is a primary risk within the Trust and the Underlying Funds and it is assessed continuously by Kapstream by ongoing due diligence and monitoring of the risk throughout the life of the asset. Exposure and issuer concentration limits provide a framework for the amount of credit risk within the Trust and the Underlying Funds, and this risk can be mitigated through the use of hedging tools such as credit derivatives; the maintenance of effective portfolio diversification; and the focus on high quality assets. Kapstream has a default and impairment management policy intended to identify and manage these risks in relation to distressed assets. Please also refer to Section 14.4. However, there is no guarantee that any of these tools will be effective or available on an economic basis.

While Kapstream may disclose interest rates received at a portfolio level, they may not disclose interest rates charged at the underlying loan levels. Individual loans or warehouses may have varied interest rates, and without visibility into those interest rates, investors may not have information necessary to evaluate them.

Kapstream will also perform regular stress-testing as set out in Section 14.5, which will include -stress-testing of the credit risk. There is no guarantee that this stress testing will be effective or able to be conducted efficiently.

(o) Rating risk

Rating Risk is the risk of failure of either an external agency rating or internal manager rating to correctly reflect the quality of an issuer of assets in which the Trust or the Underlying Funds invests. The Investment Manager's approach to ratings is described in Section 4.5.

The Trust and the Underlying Funds may invest in assets that do not have an external agency rating and instead rely on an internal manager rating. A rating overstating the quality of an issuer could lead to higher unintended credit risk being taken by The Trust and the Underlying Funds, which may adversely affect the value or liquidity of specific assets in The Trust and the Underlying Funds. The risk is mitigated by Kapstream maintaining portfolio diversification, and risk controls around its Manager Rating Policy, which itself is based on external agency rating methodology, including adjustment for qualitative factors. In the case of assets held by the relevant fund which have an external agency rating, the lower of the rating agency ratings available is used.

The Internal Ratings assigned by Kapstream are based on the Kapstream's internal ratings model described in Section 4.5 which reflects relative and subjective opinion on a certain degree of likelihood of the issuer of the rated security to meet its debt obligations when they fall due, or the likelihood of loss in the event of a default of the issuer of the rated security. This opinion may not accurately reflect the credit risk of the security.

Furthermore, the Internal Credit Ratings may not accurately reflect the true credit risk related to an investment and The Trust and the Underlying Funds (and indirectly the Trust) may in fact be subject to greater credit risk than the risk based on Kapstream's Internal Credit Ratings.

The Internal Credit Ratings are not intended to be an investment recommendation or used as a basis for assessing investment merit. They are limited in scope and may be changed or withdrawn at any time. The Internal Credit Ratings are intended to be used by wholesale investors only and should not be relied on by retail investors when making a decision about investing in the Units.

(p) Concentration risk

The Trust and the Underlying Funds may be exposed to illiquidity or volatility due to lack of portfolio diversification. Kapstream aims to mitigate this risk by adhering to minimum diversification levels and limits on individual asset exposure, to avoid the materiality of the impact on the whole Underlying Funds should any individual asset underperform. There can be no guarantee that this risk management approach will be effective or be practicably available on economic terms.

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The Investment Strategy includes certain allocation ranges in relation to allocations (see Section 4). While the Investment Manager will endeavour to originate a portfolio in keeping with these allocation ranges on average, the ranges are only targets. As a result, the actual portfolio may not be in-line with the allocation ranges and the portfolio may be more concentrated or have a risk profile which is different (and potentially higher) than that implied by the allocation ranges.

(q) Geographic concentration risk

The Trust and the Underlying Funds may invest a substantial amount of their assets in issuers located in a single country or region, the economic, political, social, regulatory, or other developments or conditions within such country or region will generally have a greater effect on the value or liquidity of The Trust and the Underlying Funds than they would on a more geographically diversified portfolio. Adverse developments in certain regions could also adversely affect securities of other countries whose economies appear to be unrelated and could have a negative impact on The Trust and the Underlying Funds' performance. The Trust and the Underlying Funds investments in Australian issuers may subject The Trust and the Underlying Funds to loss in the event of adverse tax, political, economic, regulatory, and other developments that affect Australia and New Zealand and their debt markets, including fluctuations of Australian and New Zealand currencies. Also, Australia and New Zealand are economically sensitive to environmental events and are located in a part of the world that has historically been prone to natural disasters, such as drought and flooding. Kapstream aims to mitigate this concentration risk by careful selection of investments to minimise these risks, but there is no guarantee that this approach will be effective or able to be implemented on economic terms.

(r) Collateral risk

The Trust and the Underlying Funds may enter into derivatives arrangements that require them to deliver (or 'post') collateral to the derivative counterparty or clearer. As a result, The Trust and the Underlying Funds may be exposed to certain risks in respect of that collateral including the credit risk of the counterparty or clearer.

(s) Leverage risk

The Trust and Underlying Funds may use leverage, which may include a liquidity facility, to acquire or facilitate investments in line with the investment strategy, and to meet its short-term working capital requirements, or to repurchase units in the Trust. The Trust and Underlying Funds may add or remove facilities in the future and use them for different purposes. The use of leverage may magnify potential gains and losses in the event of a portfolio event.

To the extent that the counterparty to the Trust or an Underlying Fund investment was to fail to pay interest or principal when due (a payment default), the Trust and Underlying Fund are still obliged to service their own interest and principal payment obligations.

The inability to do so may give rise to the facility provider taking action under the relevant facility terms to recover amounts owed. The facility provider would be senior to the Trust and Underlying Fund from a repayment perspective and would have first claim over the assets of the Trust and Underlying Fund.

(t) Risk related to investments in Secured Loans and Senior Loans

The assets of the Underlying Funds portfolio may include Secured Loans and senior loans both directly and indirectly. The term 'secured' may refer to direct asset security or security over shares in a special purpose company holding the asset. There is a risk that such security may not be effective or may be differentially effective depending on whether it is direct or structurally subordinated.

So called 'senior' or 'secured' loans also may not necessarily have priority over all other debt of an issuer. For example, some senior or secured loans may permit other secured obligations (such as overdrafts, swaps or other derivatives made available by members of the syndicate to the company) or involve security only on specified assets of an issuer (e.g. excluding real estate). Issuers of senior or secured loans may have multiple tranches of senior or secured debt outstanding, each with security over separate collateral. Furthermore, any secured debt is secured only to the extent of its lien and only to the extent of underlying assets or incremental proceeds on already secured assets. Moreover, underlying assets are subject to credit, liquidity and interest rate risks. There may be a situation where, in the event of default and subsequent enforcement of security, the proceeds from the sale of the security may be insufficient to fully repay all outstanding principal and interest owing.

Kapstream has investment processes and procedures in place to analyse and verify the impact of these risks on the ability of the Underlying Funds and the Trust to achieve their investment objectives. There is no guarantee that these processes will be effective.

(u) Risk related to investments in Corporate Loans

The Underlying Funds may invest in loans to private or public companies. The borrower companies to which the Underlying Funds provide loans may employ significant leverage. The leveraged capital structure of such borrower companies will increase their exposure to certain factors such as rising interest rates, downturns in the economy, or deterioration in the financial condition of such borrower company or its industry. In the event a borrower cannot generate adequate cashflow to meet its debt service, the Underlying Funds, particularly in respect of subordinated debt investments (if any), may suffer a partial or total loss

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of capital invested in its investments with respect to the borrower company, which would adversely affect the returns of the Underlying Funds, and therefore the Trust.

(v) Risk related to investments in Commercial Real Estate Loans

The Underlying Funds may invest in loans secured by registered first mortgages over Australian commercial property including those. Property market risk is the risk that property values in the market may deteriorate, potentially resulting in a lower amount being realised upon sale than the valuation used for securing the loan. This risk is mitigated by the rigorous due diligence the Managers undertake prior to investment in the loan as well as conservative structuring of the loans with respect to loan to value ratio, which allows for a significant deterioration in the value of secured property before the ability for full repayment on the loan is at risk. Additionally, valuations for stabilised and mature commercial properties (i.e. no construction or development) are expected to be more stable compared to construction and development projects. The Underlying Funds do not invest in direct loans for the purpose of property construction and/or development.

(w) Risk related to investments in Subordinated Debt

Subordinated investments involve a higher degree of risk with respect to return of capital. Although subordinated securities are typically senior to common stock and other equity securities in the capital structure, they may be subordinated to large amounts of senior debt and may be unsecured. Many of the remedies available to subordinated holders are available only after satisfaction of claims of senior creditors. Therefore, if a borrower does not generate adequate cashflow to service its debt obligations, the Underlying Fund may suffer a partial or total loss of invested capital. The ability of the Underlying Fund to influence a borrower's affairs, especially during periods of financial distress or following an insolvency, is likely to be substantially less than that of senior creditors. For example, under the terms of subordination agreements, senior creditors are typically able to block the acceleration of the subordinated debt or other exercises by the Trust of its rights as a creditor.

Accordingly, the Underlying Fund may not be able to take the steps necessary to protect its investments in a timely manner or at all.

In addition, the debt securities in which the Underlying Fund may invest may not be protected by financial covenants or limitations upon additional indebtedness, may have limited liquidity, and may not be rated by a credit rating agency.

Debt securities are also subject to other creditor risks, including but not limited to:

- the possible invalidation of an investment transaction as a 'fraudulent conveyance' under relevant creditors' rights laws;
- so-called lender liability claims by the issuer of the obligations; and
- environmental liabilities that may arise with respect to collateral securing the obligations.

The Underlying Fund's investments may be subject to early redemption features, refinancing options, prepayment options, or similar provisions which, in each case, could result in the issuer repaying the principal on an obligation held by the Underlying Fund earlier than expected.

(x) Risk related to investments into multiple parts of capital structure

The Underlying Funds may invest into multiple parts of the capital structure including but not limited to senior secured, senior unsecured, mezzanine, subordinated and junior positions. While the Underlying Funds do not typically invest directly into equity, there is a risk that in a restructuring situation some of their positions may become equity or 'equity-like' or that they may invest in equity in the future. There is a risk that interests of the underlying investors exposed to any given part of a borrower's capital structure may conflict with those of investors exposed to another part of a borrower's capital structure. The Underlying Funds and other strategies managed by Kapstream may have different levels of exposure to different parts of a borrower's capital structure. Kapstream has conflict management procedures and governance rules in place to manage this potential conflict but there is no guarantee that they will be effective.

(y) Risk related to failure to fully invest

The availability and volume of new private debt opportunities suitable for the Trust and the Underlying Funds is difficult to predict. The Trust and the Underlying Funds will compete against other investors to secure access to these investments. The Trust and the Underlying Funds may not be able to identify or secure access to suitable investments, with the risk that drawdown of committed capital is delayed or does not fully occur. Additionally, it may take months to initially deploy into the Trust and the Underlying Funds in their targeted ratios which may reduce potential returns.

(z) Utilisation risk

The Trust and the Underlying Funds will invest in both drawn and undrawn loans that may be drawn on and repaid by the borrower over time. Borrowers will typically pay a margin over a floating benchmark on drawn amounts, and a percentage of that margin on the un-drawn amount. Alternatively, a borrower might

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pay a flat fee based on total availability in advance, and then a margin over a floating benchmark on drawn amounts. Returns will vary depending on the utilisation of such revolving loan facilities. Therefore, there is a risk that capital may remain un-drawn, will not be able to be used for another investment, and will not generate the target return on those un-drawn funds.

(aa) Risk related to absence of control

The Trust and the Underlying Funds are likely to have limited influence over its borrower companies and thus limited ability to protect the Trust and the Underlying Funds' position in its portfolio borrower companies. Although the Investment Manager will monitor the performance of the Trust and the Underlying Funds' investments, it will primarily be the responsibility of each of the borrower company's management teams to operate each borrower company on a day-to-day basis. Other investors in such borrower companies may have economic or business interests or goals that are inconsistent with those of the Trust and the Underlying Funds and the Trust and the Underlying Funds may not be in a position to limit or otherwise protect the value of its investment in such borrower companies.

(bb) Fraud risk

With investments in loans there is the possibility of material misrepresentation or omission on the part of the borrower. Such inaccuracy or incompleteness may adversely affect the valuation of the collateral underlying the loans or may adversely affect the ability of Underlying Funds to perfect or effectuate a lien on any collateral securing the loan. Underlying Funds will rely upon the accuracy and completeness of representations made by borrowers to the extent reasonable when it makes its investments but cannot guarantee such accuracy or completeness. Under certain circumstances, payments to the Trust and the Underlying Funds may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.

(cc) Risk related to investing in property linked loans and loan to valuation ratios

The Trust and the Underlying Funds may have direct or indirect exposure to property linked loans. Loans secured by real property and tangible assets frequently adopt loan to valuation ratios both as lending constraints and reporting requirements. The property valuations involved may not be accurate and could be outdated. Furthermore, the basis on which property valuations are conducted can vary meaningfully, for example whether on a 'as-is' basis or 'as-if-complete' basis where there is some construction or development involved. For rental properties, there is a material risk around valuation differentials based on applying gross versus net rental yields. It is also common industry practice for valuations to be conducted variously by the borrower, lender or security holder who may have different interests. While the Investment Manager makes every effort to identify and mitigate risks related to inaccurate valuations resulting from the above considerations, there is no guarantee such measures will be effective or viable.

(dd) Risk related to valuing Non-Investment Grade debt exposures

The Trust and the Underlying Funds may have direct or indirect exposure to Non-Investment Grade assets. These assets are externally valued periodically as set out in section 14.4.

The Investment Manager regularly reviews these valuations to identify whether there are any comparable transactions or a stress-test rationale to provision for impairments. There is no guarantee that these reviews will be effective.

The Investment Manager also has a policy in relation to monitoring and identifying any distressed assets as set out in section 14.4. This is particularly relevant for Non-Investment Grade assets. However, there is no guarantee that impairments in the assets will be identified.

(ee) Equity risk

The Trust and the Underlying Funds may be exposed to equity or investments with equity-like characteristics (such as preferred equity, bonds, loans, convertible loans and warrants as well as minority equity stakes in companies and projects). The value of equity or equity-like investments can rise or fall over time and may be volatile. The Trust and the Underlying Funds may be exposed to investments in the equity of smaller companies which involve greater risk than those of larger, more established companies and projects. This is because smaller companies may be in earlier stages of development, may be dependent on a small number of products and services, may lack substantial capital reserves or require additional capital to support their operations, may be operating at a loss or have significant variations in operating results and/or do not have proven operating history. Smaller companies may be more adversely affected by poor economic or market conditions, competition from companies with greater financial resources or as a result of poor corporate governance and if listed, may be traded in low volumes which may increase volatility and liquidity risks. There is a risk that the value of equity investments or investments with equity-like characteristics to which the Trust and the Underlying Funds are exposed may fall over short or extended periods of time.

The Trustee and Investment Manager make no assurances or guarantees that the mitigants listed below will completely mitigate the risks as stated.

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12.4 General risk factors

(a) Market risk

The value of the Unit may fluctuate for a variety of reasons including changes in economic conditions, market sentiment, government regulations, political events, natural disasters, climate, and changes in technology.

In recent years, markets have become more volatile. Investing in volatile conditions implies a greater level of volatility risk for investors than an investment in a more stable market. Unitholders should carefully consider this volatility risk before deciding whether to make an investment in Units.

(b) ASX related market risks

The Issuer will apply for admission to the Official List and for quotation of Units on the ASX. Investors should be aware that there are a number of specific risks associated with Units being quoted on the ASX:

Trading price

The trading price of any listed security may change, related to performance and matters inherent to the investment performance of the securities, but also due to external factors such as:

- market sentiment;
- changes in Australian and international economic conditions, interest rates, credit margins, inflation rates, and foreign exchange rates;
- the performance or financial position of the Trust or the Managers;
- changes in investor perceptions and sentiment in relation to the Trust or the sector in which it operates; and
- other major Australian and international events such as hostilities and tensions, and acts of terrorism,

or a range of other factors including the presence of larger buying or selling interest in the Units. Therefore, Unitholders should expect that for periods of time, sometimes extended periods, the Units may trade below the stated underlying NAV per Unit.

Volatility of Units

Units in the Trust when quoted on the ASX, may be thinly or heavily traded, and could be very volatile, irrespective of any changes in the underlying value of the investments held by the Trust or to which the Trust has exposure. Units may also trade at a discount to the NAV per Unit.

There can be no guarantee that the total number of buyers multiplied by the number of Units that each buyer wants to buy at any point in time in the market will match or exceed the total number of sellers multiplied by the number of Units each seller wants to sell, or that Unitholders will be able to buy or sell Units for a price which they or the Responsible Entity believe fairly reflects the value of their Units. In addition, the NAV per Unit will fluctuate with changes in the value of the underlying investments held by the Trust.

ASX liquidity risk

Units in the Trust are intended to be quoted on the ASX. Although liquidity is generally expected to exist in this secondary market, there are no guarantees that an active trading market with sufficient liquidity will develop, or should it develop after listing, that such a secondary market will sustain a price representative of the NAV per Unit. As a listed investment trust, there is no regular redemption facility for Units. That is, if a Unitholder no longer wishes to be invested in the Trust with respect to some or all of their Units, they will not have the ability to simply redeem their Units. They will be required to sell their Units on the ASX. The ability to trade the Unit on the ASX will vary depending on market conditions. It may not be possible to trade a parcel of securities without paying a premium, or selling at discount, if the transaction is urgent. Notwithstanding anything else, the mechanisms to provide liquidity to the LIT may not be effective at reducing the potential for significant, persistent, and potentially permanent discounts to net asset value.

ASX counterparty risk

ASX counterparty risk is the risk that when a Unitholder sells their Units on market they are relying on CHESS, the central system for clearing and settling trades on the ASX, to ensure they receive their settlement proceeds as well as the risk that arises as a result of Unitholders relying on the creditworthiness of their Broker when making trades on the ASX.

(c) Infectious disease or pandemic risk

The outbreak of an infectious disease in Asia, Australia, Europe, the US, the Middle East and/or elsewhere, together with any resulting restrictions on travel and/or imposition of quarantines, restrictions on and or closure of businesses and other changes to laws or social and business interaction, could have a negative impact on the performance of the Trust, the Managers and Underlying Funds or the companies and other entities that are issuing the debt securities into which the Trust and the Underlying Funds will be investing. They may also affect each of the risks identified in this section. There can be no assurance that any precautionary measures taken against infectious diseases would be effective.

(d) Regulatory and tax risk

There is a risk that a government, regulator, or operator of a securities or asset exchange makes tax or regulatory changes that have an adverse impact on the value of assets held within the Trust or Underlying Funds or the ability, of Kapstream to manage the Trust.

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13. Material Agreements



13. Material Agreements

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13.1 Offer Management Agreement

This section contains a summary of the Offer Management Agreement (**OMA**).

(a) Overview

The Responsible Entity, the Managers and the Joint Lead Managers signed the OMA on or about the date of this PDS.

Under the OMA, the Responsible Entity:

- has appointed the Joint Lead Arrangers to arrange the Offer; and
- has appointed the Joint Lead Managers to manage and market the Offer.

The following is a summary of the principal provisions of the OMA. Under the OMA each of the Joint Lead Managers have agreed to manage and market the Offer, and the Joint Lead Arrangers have agreed to arrange the Offer.

(b) Fees and costs

The Joint Lead Managers and Joint Lead Arrangers will be entitled to the following fees in accordance with the OMA, which will be payable by the Investment Manager (and not the Trust).

The estimated aggregate fees payable by the Investment Manager to the Joint Lead Arrangers and Joint Lead Managers under the OMA are approximately between $5.25 million (exclusive of GST) if the Minimum Amount is raised and $7.75 million (exclusive of GST) if the Maximum Amount is raised. The actual amount of fees payable to the Joint Lead Managers and Joint Lead Arrangers will not be known until the determination of the issue size.

In addition to an arranger fee payable to the Joint Arrangers, the key fees payable in respect of the Offer are as follows.

Management fees

The Investment Manager must pay the Joint Lead Managers a management fee equivalent to:

- 1.00% of the Joint Lead Manager's firm wholesale allocation that is issued to Wholesale Clients to that respective Joint Lead Manager; and
- 1.00% of the aggregate value of Offer securities issued to Wholesale Clients which are not part of any Joint Lead Manager's firm wholesale allocation, to the Joint Lead Managers equally.

Selling fees

The Investment Manager must pay to each Joint Lead Manager a selling fee of 1.25% of that Joint Lead Manager's firm allocation multiplied by the subscription price of the Units. Retail Clients who participate in the Offer are required to be rebated any selling fees paid in respect of Offer securities issued to Retail Clients.

Cornerstone fees

The Investment Manager must pay each Joint Lead Manager a cornerstone fee of 0.25% of that Joint Lead Manager's cornerstone offer allocation.

Other costs

In addition, the Investment Manager must pay or reimburse the Joint Lead Managers for reasonable costs incurred by them of and incidental to the Offer including legal fees and expenses, stamp duties, transfer taxes, withholding taxes or similar taxes payable in respect of the OMA, the Offer and any other costs in respect of the Offer and the allocation and issue of Units, all reasonable costs in connection with or related to any investigation conducted by a Government Agency into the Offer, or any act or omission of the Responsible Entity or any other person in relation to the Offer. The costs must be paid as soon as reasonably practicable, and in any case within 5 Business Days, after a request is made, or on termination. The costs must be reimbursed even if the OMA is terminated.

(c) Termination events

Each Joint Lead Manager may terminate its obligations under the OMA prior to completion of the Offer on the occurrence of a number of termination events, including where (among others):

- any of the conditions precedent to the Joint Lead Managers' obligations under the OMA are not satisfied or not reasonably capable of being satisfied by their deadlines. The OMA contains typical conditions precedent for an agreement of this kind, including lodgement of the PDS with ASIC on a certain date, delivery of certain sign-offs and documents in connection with the due diligence process undertaken in connection with the Offer, and receipt of necessary regulatory approvals, relief and modifications;
- the Offer documents (including the PDS), public information or any aspect of the Offer does not comply with the Corporations Act (including if a statement in any of the Offer documents or public information is or becomes materially misleading or deceptive, or a matter required to be included is omitted from an Offer document or public information), the Listing Rules or any other applicable law or regulation;
- a new circumstance arises after the PDS is lodged that would have been required to be included in the PDS if it had arisen before lodgement (as applicable);
- the Issuer issues, or in the reasonable opinion of the Joint Lead Manager seeking to terminate, becomes required to issue a supplementary PDS to comply with section 1016E of the Corporations Act, or the Issuer lodges a supplementary PDS with ASIC in a form that has not been approved by the Joint Lead Managers;

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- any of the following notifications are made in respect of the Offer:
  - ASIC issues an order (including an interim order) under section 1020E of the Corporations Act or holds a hearing under section 1020E(4) of the Corporations Act and such order or hearing is not withdrawn within two Business Days, or if made or commenced within the two Business Days before the Settlement Date, it has not been withdrawn by the day before the Settlement Date;
  - an application is made by ASIC for an order under Part 9.5 in relation to the Offer or an Offer document or ASIC commences any investigation or hearing under Part 3 of the *Australian Securities and Investments Commission Act 2001* (Cth) in relation to the Offer or an Offer document and such application, investigation or hearing is not withdrawn within two Business Days, or if it is made within two Business Days before the Settlement Date, it has not been withdrawn by the day before the Settlement Date;
  - any person (other than the terminating Joint Lead Manager) who has previously consented to the inclusion of its name in any Offer document withdraws that consent; or
  - a person gives a notice under sections 1021J(3) or 1021L(2) of the Corporations Act in relation to the Offer documents;
- ASX approval is refused or not granted for the Trust's admission to the official list of ASX or to official quotation of the Units, or if granted, it is granted subject to conditions other than customary conditions, or the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld, or ASX indicates to the Issuer that approval is likely to be withdrawn, qualified or withheld;
- the Issuer withdraws this PDS or the Offer;
- the Issuer, Trust or the Managers are or become insolvent or there is an act or omission which may result in any of them becoming insolvent;
- there is, or is likely to be, a material adverse change or effect in or affecting the assets, liabilities, financial position, profits or prospects of the Issuer or Trust or the success, marketing, outcome or settlement of the Offer from the position disclosed in the PDS or the public information;
- the Issuer has not received valid Applications for at least the minimum subscription by 5:00pm on the offer closing date;
- the Issuer or Managers do not provide a closing certificate as and when required under the OMA;
- the average mid-rate for the iTraxx Australia Index of a term 5 years is 45% or more above its level as at the close of business on the Business Day immediately before the date of the OMA and remains at or above that level for two consecutive Business Days;
- the S&P ASX All Ordinaries Index closes on any Business Day before the Settlement Date at a level that is 10% or more below the level of that index at the close of normal trading on ASX on the Business Day immediately preceding this agreement and closes at or below that level for at least two consecutive Business Days or on the Business Day before the Settlement Date;
- a director or officer of the Issuer or the Managers is charged with an indictable offence;
- any person makes an application to any government agency, in relation to the Offer documents or the Offer, or any government agency commences or gives notice of an intention to hold any enquiry;
- any director or officer of the Issuer or Managers is disqualified from managing a corporation under Part 2D.6; or the Issuer or Managers or any of their respective directors or officers engage, or are alleged to have been engaged in, any fraudulent conduct or activity, whether or not in connection with the Offer;
- the Issuer is prevented from allotting or issuing the Units within the time required by the timetable in the OMA, the Offer documents, the Listing Rules, the ASX Settlement Operating Rules or by any other applicable laws, an order of a court of competent jurisdiction or a government agency;
- a review trigger as set out in the TMD occurs or an event or circumstance that would reasonably suggest the TMD is no longer appropriate;
- the Offer is not conducted in accordance with the Offer timetable or any event specified in the Offer timetable is delayed for more than 2 Business Days (other than as required by ASX or ASIC) without the prior written consent of the Joint Lead Managers;
- a change in the board of directors or ownership of the Investment Manager, or specified key personnel of the Investment Manager resigns from office or are replaced, terminated or made redundant; or
- there is an event or occurrence which makes it illegal for the Joint Lead Managers to satisfy an obligation under the OMA, or to market, promote or settle the Offer.

Termination events limited by materiality

If any of the following events occur prior to completion of the Offer or such other time as specified below, each Joint Lead Manager may terminate its obligations under the OMA if, in the reasonable opinion of the Joint Lead Manager, the event has had or is likely to have a material adverse effect on the marketing, outcome, success or settlement of the Offer or the willingness of investors to subscribe for Units, or has given or would be likely to give

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rise to a liability for the Joint Lead Manager or its affiliate under, or a contravention by the Joint Lead Manager or its affiliate, of the Corporations Act or any other applicable law:

- the due diligence report or verification material or any other information supplied by or on behalf of the Issuer or the Managers to the Joint Lead Managers in relation to the Issuer or the Offer is or becomes false or misleading or deceptive or likely to mislead or deceive, including by way of omission;
- a closing certificate that the Issuer or the Managers provide is false, misleading or deceptive (including by way of omission);
- the Responsible Entity is replaced as the responsible entity of the Trust;
- a contravention by the Issuer or the Managers of the Corporations Act, the *Competition and Consumer Act 2010* (Cth), the *Australian Securities and Investments Commission Act 2001* (Cth), the Trust Constitution, or any of the Listing Rules occurs;
- a default by the Issuer or the Managers in the performance of any of their obligations under the OMA (including in respect of any of the conditions precedent to the OMA);
- other than as disclosed from those identified in the PDS, the Issuer or the Managers charge or agrees to charge, the whole, or a substantial part of the assets of the Trust;
- a representation or warranty contained in the OMA is breached, becomes not true or correct or is not performed;
- the IMA is varied, terminated, rescinded or altered or amended without the prior consent of the Joint Lead Managers or is breached or is or becomes void, voidable, illegal, invalid or unenforceable (other than by reason only of a party waiving any of its rights) or capable of being terminated, rescinded or avoided or of limited force and affect, or its performance is or becomes illegal;
- any Australian financial services licence, or other licence, approval or permit required by the Responsible Entity to perform its business as responsible entity of the Trust is terminated, rescinded or withdrawn or otherwise amended or varied in manner that impedes the Responsible Entity's ability to discharge its obligations under the OMA and/or to the Trust;
- a regulatory body withdraws, revokes or amends any regulatory approvals required for the Issuer to perform its obligations under the OMA;
- hostilities not presently existing commence (whether war has been declared or not) or an escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States, the United Kingdom, Hong Kong, Singapore, Ukraine, Russia, Israel, South Korea or any member state of the European Union or any diplomatic, military, commercial or political establishment of any of those countries or a major terrorist act is perpetrated anywhere in the world;
- there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia, or any State or Territory of Australia a new law, or the Reserve Bank of Australia, or any Commonwealth or State authority, including ASIC adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced before the date of this agreement); or
- any of the following occurs:
  - a general moratorium on commercial banking activities in Australia, New Zealand, the United States, the United Kingdom, Hong Kong or any member state of the European Union is declared by the relevant central banking authority in those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries;
  - any adverse effect on the financial markets in Australia, New Zealand, the United States, the United Kingdom, Hong Kong or any member state of the European Union or in foreign exchange rates or any development involving a prospective change in political, financial or economic conditions in any of those countries; or
  - trading in all securities quoted or listed on the ASX, the NZX, New York Stock Exchange, London Stock Exchange or the Hong Kong Stock Exchange is suspended or limited in a material respect.

(d) Effect of termination on the Offer Management Agreement

If a Joint Lead Manager terminates its obligations under the OMA, the Joint Lead Manager who validly terminates will be relieved of all further obligations under the OMA from the time of termination and will be entitled to payment and reimbursement of expenses (if any). The termination by one Joint Lead Manager does not automatically terminate the obligations of any other Joint Lead Managers under the OMA.

Under the terms of the OMA, the remaining Joint Lead Managers must in writing indicate whether they wish to terminate their obligations or assume the obligations of the terminating Joint Lead Manager in equal share with the other remaining Joint Lead Managers.

Where the remaining Joint Lead Managers give written notice that they will assume the obligations of the terminating Joint Lead Manager, they will be entitled to the fees (in shares equal to the extent obligations have been taken up) that the terminating Joint Lead Manager would

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have received but for its election to terminate (such fees do not include any fees already owed to, or accrued by, the terminating Joint Lead Manager). Such fee is in addition to the fees the remaining Joint Lead Managers are entitled to pursuant to the terms of the OMA.

(e) Representations, warranties and undertakings

The Issuer and Managers have given various representations, warranties and undertakings to the Joint Lead Managers (in respect of itself and the Trust) which are common for offers of this kind. These representations, warranties and undertakings relate to matters such as the conduct of the parties, the conduct and outcome of the due diligence process, information provided to the Joint Lead Managers, financial information, licences, compliance with the Listing Rules and laws, information contained in this PDS and the conduct of the Offer.

With the exception of the Units issued under the Offer and certain other limited exceptions, the Issuer has also undertaken that, other than pursuant to the Offer it will not, without the Joint Lead Managers' prior written consent, allot or agree to allot or indicate in any way that it may or will allot or agree to allot any Units, options to acquire Units, or other interests or securities in the Trust or enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Units of that type however settled at any time after the date of the OMA and before the expiration of 90 days after the completion of the Offer.

The Issuer has also undertaken to carry on the Trust's business in the ordinary course and not dispose of all or any material part of the Trust's business, assets or property or acquire any material asset except in the ordinary course, except as disclosed in this PDS, until the expiration of 180 days after completion of the Offer.

(f) Indemnities

The Issuer and Managers have agreed to indemnify the Joint Lead Managers and representatives (including branches, related bodies corporate, associates and their officers, directors, employees and other persons) from and against any relevant loss incurred in connection with the Offer (subject to limited exclusions).

13.2 Investment Management Agreement (Trust)

This section contains a summary of key features of the Investment Management Agreement (**IMA**) between the Issuer and the Manager.

Listing Rule 15.16 sets a maximum term of 5 years for an Investment Management Agreement. The Responsible Entity has been granted in-principle advice that it will likely receive a waiver of Listing Rule 15.16 to allow for an initial term of 10 years (**Initial Term**) under the Investment Management Agreement. The ASX may include certain conditions on the waiver application relating to the Investment Management Agreement as part of the approvals process. In addition, there is a risk that such waivers may not be granted on the final listing of the Trust, in which case there will be a cost to the Trust in holding Unitholder meetings to approve further terms of the Managers in excess of 5 years.

(a) Services

The Managers agree to invest and manage the portfolio of the Trust (**Portfolio**) in accordance with the Investment Strategy and terms of the Investment Management Agreement, which will initially involve the investment in units in the Underlying Funds (**Underlying Fund Units**). One or both of the Managers also agree to provide other ancillary services, including (without limitation), the following:

(i) keeping proper records and books of accounts in relation to the Trust's portfolio and to provide information in relation to the portfolio to assist the Responsible Entity or the Custodian in the preparation of reports required under the relevant law (unless otherwise agreed);

(ii) performing regular net asset value reconciliations with the Fund Administrator as appropriate for the nature of the assets in the Portfolio;

(iii) servicing Unitholders and potential investors in the Trust;

(iv) promoting and marketing the Trust;

(v) assisting the Responsible Entity with compliance with its obligations under the Listing Rules.

(b) Appointment

The Operations Manager is appointed to manage and promote the Trust and the Investment Manager is appointed to manage the Trust on the terms contained in the Investment Management Agreement. The Managers may perform similar investment and management services for itself and other persons to the services performed for Trust.

(c) Expenses

The Responsible Entity must reimburse the Managers from the Trust assets, all taxes, costs, charges and expenses properly incurred by the Managers in connection with the investment and management of the Portfolio or the acquisition, disposal or maintenance of any investment of the Portfolio (including all custodian and clearing house fees and excluding in-house administration costs of the Managers in the nature of rent for premises, computer charges, salaries, research costs and like expenses) or in acting under the Investment Management Agreement.

13. Material Agreements Continued

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(d) Termination rights

After the Initial Term, the Responsible Entity may terminate the Investment Management Agreement upon three months' notice after an ordinary resolution of Unitholders is passed to terminate the Investment Management Agreement.

The Responsible Entity may also terminate the appointment of the relevant defaulting Manager or the Investment Management Agreement (in the case of default by the Investment Manager) if:

(i) a receiver, receiver and manager, administrative receiver or similar person is appointed with respect to the assets and undertakings of the Manager;

(ii) the Manager:

(A) goes into liquidation (other than for the purposes of a reconstruction or amalgamation on terms previously approved in writing by the Responsible Entity);

(B) ceases to carry on business in relation to its activities as a fund or investment manager (as relevant);

(C) materially breaches any provision of the Investment Management Agreement, or fails to observe or perform any representation, warranty or undertaking given by the Manager under the Investment Management Agreement and the Manager fails to correct such breach or failure within 10 Business Days of receiving notice in writing from the Responsible Entity specifying such breach or failure;

(iii) a Manager sells or transfers or makes any agreement for the sale or transfer of the main business and undertaking of the Manager or of a beneficial interest therein, other than to a related body corporate for purposes of corporate reconstruction on terms previously approved in writing by the Responsible Entity, not to be unreasonably withheld; or

(iv) relevant law requires the Investment Management Agreement to terminate.

If a Manager is terminated other than for cause or if the Investment Manager terminates the Investment Management Agreement after the Initial term with three months' notice, the Operations Manager is entitled to a termination fee as described in Section 9.3.

The Investment Manager may terminate the Investment Management Agreement if:

(i) the Responsible Entity materially breaches any provision of the Investment Management Agreement, or materially fails to observe or perform any representation, warranty or undertaking given by the Responsible Entity under the Investment Management Agreement and the Responsible Entity fails to correct such breach or failure within 10 Business Days of receiving notice in writing from the Manager specifying such breach or failure;

(ii) a person (alone or together with the person's associates) other than the Investment Manager or an associate of the Investment Manager acquires a relevant interest in the units of the Trust where because of the acquisition that person's or someone else's voting power in the Trust exceeds 50%; or

(iii) after the Initial Term, the Investment Manager provides three months' written notice to the Responsible Entity and Operations Manager.

The Investment Manager may also request the Responsible Entity to retire by notice (not earlier than the 5th anniversary of the commencement date of the Investment Management Agreement), in which case the Responsible Entity shall take reasonable steps necessary to convene a meeting of members under section 601FL of the Corporations Act to explain its reasons for retiring and to choose a new responsible entity as soon as is practicable.

The Operations Manager may terminate its appointment under the Investment Management Agreement if:

(i) the Investment Manager's appointment is terminated for cause;

(ii) a receiver, receiver and manager, administrative receiver or similar person is appointed with respect to the assets and undertakings of the Investment Manager;

(iii) the Investment Manager:

(A) goes into liquidation (other than for the purposes of a reconstruction or amalgamation on terms previously approved in writing by the Responsible Entity);

(B) ceases to carry on business in relation to its activities as an investment manager; or

(C) materially breaches any provision of the Investment Management Agreement, or fails to observe or perform any representation, warranty or undertaking given by the Investment Manager under the Investment Management Agreement and the Investment Manager fails to correct such breach or failure within 10 Business Days of receiving notice in writing from the Responsible Entity or the Operations Manager specifying such breach or failure; and

(iv) after the Initial Term, the Operations Manager provides three months' written notice to the Responsible Entity and the Investment Manager.

If the Operations Manager terminates its appointment or the Responsible Entity terminates the Operation Manager's appointment for cause, the IMA will continue in force between the Responsible Entity and the Investment Manager, subject to any necessary amendments to give effect to the change.

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(e) Management after termination

Following the termination of the Investment Management Agreement, the Investment Manager may deal with the portfolio of the Trust for up to 30 Business Days from the effective date of termination of the Investment Management Agreement in order to vest control of the portfolio in the Responsible Entity (or as the Responsible Entity may otherwise direct in writing). The Responsible Entity must take all necessary steps to facilitate the transfer of the portfolio from the Investment Manager in such circumstances. Unless approved by the Investment Manager, the Responsible Entity must change the name of the Trust to remove any reference to any derivative of the name of the Investment Manager.

(f) Amendment

The Investment Management Agreement may be amended by amending agreement signed by the parties, unless an amendment is materially adverse to the rights of interests of Unitholders, in which case the amendment must be approved by ordinary resolution.

(g) Management of potential conflicts

The Managers must act in the best interests of Unitholders and, if there is a conflict between the interests of Unitholders and their own interests, give priority to the interests of Unitholders.

(h) Managers Indemnity

The Responsible Entity must indemnify the Managers (out of the Trust assets) against any direct losses or liabilities reasonably incurred by the Managers arising out of, or in connection with, and any costs, charges and expenses incurred in connection with, the Managers or any of their officers or agents properly acting under the Investment Management Agreement or on account of any bona fide investment decision made by the Managers or their officers or agents except insofar as any loss, liability, cost, charge or expense is caused by the negligence, fraud or dishonesty of the Managers or their officers or supervised agents. This obligation continues after the termination of the Investment Management Agreement. The indemnity does not extend to any consequential or indirect damages or economic loss.

(i) Responsible Entity indemnity

The Managers must indemnify the Responsible Entity against any loss, liability, cost, charge and expense reasonably incurred by the Responsible Entity or the Trust to the extent arising out of, or in connection with:

(i) any negligence, breach of agreement, fraud or dishonesty of the Managers, their officers or supervised agents;

(ii) any act or omission of the Managers or any other person that causes the Responsible Entity to be liable to Unitholders for which the Responsible Entity has no right of indemnity from the Trust; and

(iii) any act or omission of a custodian, administrator or service provider with whom the Responsible Entity has entered into an agreement in respect of the Trust at the request or with the consent of the Investment Manager (or an act or omission of any officer, employee or agent of the custodian, administrator or service provider), where the Responsible Entity forms the reasonable opinion that it is not able to be indemnified out of the assets of the Trust in relation to the relevant loss, liability, cost, charge or expense (including, without limitation, any loss, liability, cost, charge or expense that exceeds any contractual cap or limitation on the liability of the custodian, administrator or service provider (as relevant) to the Responsible Entity).

This obligation continues after the termination of the Investment Management Agreement.

The indemnity does not extend to any consequential or indirect damages or economic loss.

13.3 Investment management agreements (Underlying Funds)

The investment management agreements between the Underlying Fund Trustees and the Investment Manager are existing agreements under which the Investment Manager is appointed to manage the portfolio of investments of the relevant Underlying Fund. The key terms of these agreements are broadly in line with the market and they have customary termination provisions.

The fees payable to the Investment Manager are set out in the Underlying Fund investment management agreements. These fees (if any) are taken into account in the "Fees and Other Costs" in Section 9 of this PDS.

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14. Additional Information



14. Additional Information

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14.1 What is the Trust's capital structure?

The following table sets out the capital structure of the Trust following completion of the Offer, both where the Minimum Amount and Maximum Amount are raised:

	MINIMUM AMOUNT RAISED	MAXIMUM AMOUNT RAISED
Value of Units	$200 million	$300 million
Number of Units	100 million	150 million

14.2 Capital Management – Buy backs

The Responsible Entity, in consultation with the Managers, will regularly review the capital structure of the Trust and, where the Responsible Entity considers appropriate and at its discretion, undertake various capital management initiatives.

These capital management initiatives will only be undertaken if the Responsible Entity determines that such initiatives are in the best interests of Unitholders. Relevant factors in making such determination may include the recommendations of the Managers, net asset performance, market price of the Units compared to the NAV per Unit, and investor demand.

The following initiatives have been identified by the Responsible Entity in consultation with the Managers:

(a) Regular off-market buy-backs

Subject to there being no Acquisition Offer as described in Section 14.2(b), the Responsible Entity, in consultation with the Managers, intends to make an off-market equal access buy-back offer to all Australian Unitholders (and potentially other Unitholders to the extent they are not Excluded Foreign Holders) in the Trust on a quarterly basis for up to 5% of the issued capital of the Trust at the Buy-Back Price (subject to adequate funding and the buy-back being in the best interest of Unitholders). The "**Buy-Back Price**" is the NAV Per Unit as at the Buy-Back Pricing Date. The NAV per Unit will be calculated by the independent Fund Administrator of the Trust. The first round of quarterly buy-back post the completion of the listing of the Trust is expected to have a Buy-Back Pricing Date of on or around 30 June 2026. However, a buy-back may not be offered in some quarters and quarterly buy-backs are not guaranteed.

If the Responsible Entity receives acceptances for more Units than 5% of the issued capital of the Trust, the number of each acceptor's Units will be subject to a scale-back and reduced by the same proportion needed to ensure the Responsible Entity buys back no more than the 5% of the issued capital of the Trust per quarter (**Scale-Back**). If the Responsible Entity only receives acceptances for less than 5% of the issued capital of the Trust, then all accepting Units will be bought back.

The Responsible Entity will only be able to continue to buy-back 5% of the issued capital of the Trust each calendar quarter where it would not exceed the 10% of the smallest number of Units that are on issue at any time during the previous 12 months (**10/12 Limit**) unless the Responsible Entity has obtained approval by ordinary resolution of Unitholders prior to effecting the buy-back. It is the Responsible Entity's intention to seek Unitholder approval when required so that it can continue to buy-back 5% of the issued capital each quarter.

If the 10/12 Limit will be exceeded in the next calendar quarter offer made by the Responsible Entity to buy-back 5% of the issued capital of the Trust, and Unitholder approval has not been obtained to exceed the 10/12 Limit, the Responsible Entity will reduce or Scale-Back each acceptor's Units by the same proportion needed to ensure the Responsible Entity buys back no more than the 10/12 Limit.

Buy-back agreements between the Responsible Entity and accepting Unitholders (**Buy-Back Agreements**) are not entered into until a specified time (buy-back offer period) for acceptance of offers has closed. Acceptance of the offer is revocable up until the buy-back offer period has closed.

The purchase price for the buy-back is paid out of the assets of the Trust. Any Units which are bought back will be cancelled immediately upon registration of the transfer to the Responsible Entity of the units bought back (they are not disposed of or on-sold again on-market).

For each round of quarterly buy-back, the Responsible Entity will provide to investors a buy-back explanatory statement, which will contain information specific to the specific round of buy- back so that investors have all the material information before them in respect of the particular buy-back (**Buy-Back Booklet**).

Investors would need to respond back to the Responsible Entity if they wish to participate in the buy-back. If they do not wish to participate in the buy-back, no action is necessary.

Please note that the Buy-Back will not be offered to Excluded Foreign Holders as it would either be prohibited by law to make payments to Unitholders in the relevant jurisdiction or to make an invitation to participate in the buy-back to such Unitholders or it would be unreasonable to make an invitation to such Unitholders having regard to the number of Unitholders, the number and value of Units they hold and the cost of compliance with legal requirements and the requirements of any relevant regulatory authority in their jurisdiction.

Please further note that, as the Scale-Back will be proportional, this may create minor rounding differences between Unitholders as only whole Units can be bought back.

Please refer to Section 14.10 for details of the ASIC relief in respect of the off-market buy-back arrangement.

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(b) Limited Acquisition Offers by trustees of Related Funds

Alternatively, to increase the liquidity available without having to realise the assets of the Trust and subject to the Listing Rules, the Corporations Act and any other requirements, instead of offering an off market buy-back round in the relevant quarter the Investment Manager may request (one or more of) the trustees of Related Funds to make an off-market offer to all Australian Unitholders (and potentially other Unitholders to the extent they are not Excluded Foreign Holders) in the Trust to acquire in total up to 5% of the issued capital of the Trust at the same acquisition prices as the Buy-Back Price determined at the relevant Buy-Back Pricing Date (**Acquisition Offer**).

The decision to make an Acquisition Offer is subject to the relevant trustees of the Related Funds determining that it is in the best interest of unitholders of the relevant Related Funds, adequate funding and applicable law.

If (one or more of) the trustees of the Related Funds makes an Acquisition Offer for up to 5% of the issued capital of the Trust in a quarter and receives acceptances for more Units than 5% of the issued capital of the Trust, the number of each acceptor's Units will be subject to a scale-back (**Acquisition Scale-Back**) and reduced by the same proportion needed to ensure the trustees of the Related Funds (together) would not purchase more than the 5% of the issued capital of the Trust in the quarter. If the trustees of the Related Funds only receive acceptances for less than 5% of the issued capital of the Trust, then there will be no Acquisition Scale-Back.

Acquisition agreements between the relevant trustees of the Related Funds and accepting Unitholders (**Acquisition Agreements**) are not entered into until a specified time (acquisition offer period) for acceptance of offers has closed. Acceptance of the offer is revocable up until the acquisition offer period has closed.

The purchase price for the acquisitions will not be paid out of the assets of the Trust. Any Units which are purchased will not be cancelled upon registration of the transfer to a trustee of a Related Fund and they may be disposed of or on-sold again by the trustee of the Related Fund.

(c) Capital management with swaps

In addition, or as an alternative to the initiatives described above, the Trust may enter into swap arrangements with counterparties to receive the value or return of Units in exchange for payment of interest. The Responsible Entity, in consultation with the Managers, may do so where Units trade at a discount to the NAV, subject to the receipt of required approvals and compliance with the law.

The Managers expect the use of swaps may have several advantages over buy-backs, including:

- reducing the liquidity impact of quarterly buy-backs;
- where the Trust invests directly in a portfolio of assets similar to the portfolios of the Underlying Funds, the ability to replicate the leverage settings of the Underlying Funds;
- the flexibility to not cancel shares; and
- timing flexibility not limited to quarterly action.

(d) On-market buy-backs

The Trust may also repurchase Units in the Trust on-market subject to the receipt of required approvals and compliance with the law. Units which are purchased physically will be cancelled.

14.3 Other purchases of Units by Managers' Funds

Related Funds may, subject to the Listing Rules, the Corporations Act and any other requirements, also otherwise acquire Units in the Trust physically or through swaps from time to time. Any such Units will not be cancelled, and they may be disposed of or on-sold again.

14.4 Valuation

Trust valuations

As initially the primary investment of the Trust will be units in the Underlying Funds, the NAV per Unit will initially be predominantly based on unit prices the Responsible Entity receives from the Underlying Funds or the valuation of strategy assets. In general, the Trust values its assets by multiplying the Underlying Fund Units it holds in the Underlying Fund by the unit price of the Underlying Fund. Any directly held assets acquired over time will generally be valued by third party valuers as set out below in the Underlying Funds valuations section.

The Responsible Entity has engaged the Fund Administrator to determine the NAV and Unit price weekly.

The Trust's NAV will be calculated by the independent specialist Fund Administrator weekly by deducting from the total value of the assets of the Trust all liabilities, which includes declared but unpaid distributions, calculated in accordance with the ASX Listing Rules and Australian Accounting Standards.

The Trust's NAV per Unit will be calculated by the Fund Administrator by dividing the Trust's NAV by the number of Units on issue. The unit pricing policy and discretions exercised by the Responsible Entity are available free of charge on request.

Investors should note that, in calculating the NAV of the Trust, the Responsible Entity, the Fund Administrator and their affiliates may rely upon, and will not be responsible for the accuracy of, financial data furnished to it and the Underlying Funds responsible entities/trustees by third parties.

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The Responsible Entity has engaged Ernst & Young to complete an audit of the financial statements annually.

Underlying Funds valuations

At the Underlying Funds level, the Underlying Fund Trustees have subscribed to third-party independent valuers experienced in valuing private debt investments. The portfolios of the Underlying Funds are valued by an independent valuer on a monthly or more frequent basis.

The Trust will also apply this policy to any direct non-exchange traded assets it acquires over time.

Underlying Funds valuations and unit pricing will be undertaken in accordance with the Unit Pricing and Valuation Policy of the Underlying Funds' responsible entities/trustees, which is consistent with Australian Accounting Standards. The Underlying Funds' responsible entities/trustees have appointed external independent fund administrators to determine the NAV.

Distressed assets

The Investment Manager reviews assets on an ongoing basis and not just in response to credit triggers.

In that framework, the Investment Manager monitors the debt assets in the portfolios of the Trust and the Underlying Funds for signs of distress on an ongoing basis. In respect of Warehouse Financing, the Investment Manager will typically have information rights to look through to signs of arrears and distress on an individual loan level.

There at least three levels of oversight in relation to distressed assets:

- A dedicated senior investment professional oversees asset monitoring and reports directly to the Investment Committee ensuring early escalation of distressed positions and the Investment Committee assesses such escalated assets and, if required, follows-up on any distressed assets on an ongoing basis;
- The Responsible Entity also oversees valuations as set out in section 5.1 and will be notified by the Investment Committee of any distressed assets; and
- The distressed assets are also externally valued by third-party independent valuers as set above and in Section 2.

Default and impairment management policy

Kapstream's policy establishes a framework for identifying, managing, and reporting defaults and impairments across portfolios. A default is defined as principal or interest payments overdue by 30 days or more, or when there is reasonable doubt about full collection. Impairment refers to a reduction in the expected recoverable amount of a nonliquid investment due to credit deterioration or other adverse factors.

The Investment Committee oversees policy adherence, with escalation and assessment of recovery options upon default. All decisions regarding impairment and default classification are documented and reviewed periodically.

Impairments are recognised promptly for nonliquid investments when there is significant deterioration in credit quality or adverse changes in issuer financial condition or collateral value. Regular stress testing and independent valuations are conducted for impaired or defaulted assets. The policy requires quarterly reporting on defaults and impairments internally and ad hoc communication to RE or investors for significant events.

14.5 Liquidity

While the Trust is listed on the ASX, Units are not able to be redeemed.

However, the Responsible Entity may, in consultation with the Managers, undertake various capital management initiatives to create additional liquidity as set out in Section 14.2.

Once the Trust is admitted to the official list of ASX and Units are quoted on the ASX, Unitholders will potentially be able to sell their Units on the ASX, subject to there being sufficient buyers of Units at a price that is satisfactory to the selling Unitholder, the ASX being open for trading and the Units not being suspended from trading. Units may be sold on the ASX by Unitholders instructing their stockbroker.

Redemption of the Trust's units in the Underlying Funds is limited and at the discretion of the Underlying Fund Trustees as set out in Section 3.2.

KPIF

- Allows for up to 5% of KPIF's net asset value to be withdrawn each calendar quarter. However, the Underlying Fund Trustee of KPIF reserves the right to accept or reject (or delay) withdrawal request in whole or in part at its discretion. Withdrawal requests require 30 days' notice ahead of a calendar quarter end. Every calendar quarter, valid withdrawals are processed with payment typically within 21 days of the quarter end. Each quarter has a limit of 5% of NAV available to be withdrawn. Should withdrawal requests exceed that level, they will be scaled back on a pro-rata basis.

KARIF and KARIPF

- Redemption requests are accepted daily, with processing and payment typically within five business days of receipt of a valid withdrawal request. In certain circumstances, KARIF and or KARIPF may suspend withdrawal requests for up to 60 days. Under the respective fund constitutions, the responsible entity may also decide it is fair to all unitholders to spread a redemption request across more than one redemption date.

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- If the Underlying Fund is liquid (as defined in the Corporations Act), this allows the Trust to generally withdraw at any time by making a withdrawal request (subject to certain requirements) which is generally paid within 5 Business Days. However, in certain circumstances the Underlying Fund Trustee has the discretion to suspend withdrawals for up to 60 days or spread-out withdrawals or delay withdrawal payments. As a result, the Trust may not be able to withdraw its funds within the usual period upon request; and
- If the Underlying Fund is not liquid (as defined in the Corporations Act), the Trust will only be able to withdraw if the Underlying Fund Trustee makes an offer of withdrawal to its unitholders. If they do make such an offer, the Trust may only be able to withdraw part of its investment. There is no obligation for the Underlying Fund Trustee to make withdrawal offers. However, note that Kapstream expects for both KARIF and KARIPF to be liquid, in general circumstances.

However, the Investment Manager will use reasonable endeavours to ensure liquidity is available at the Underlying Funds level to allow for such redemptions of Underlying Fund Units if required.

Liquidity stress testing

The Investment Manager has a stress-testing policy and will undertake regular liquidity stress testing on the portfolios of the Trust and the Underlying Funds and will provide updates to the Responsible Entity for the Trust on a quarterly basis and where there are material issues identified. This stress-testing covers both liquidity and credit risk and contemplates, in particular, the monitoring and valuing Non-Investment Grade assets as described in Section 12.3(dd). The Trust reports stressed or impaired loans as part of its quarterly reporting as described in Section 2

Note that there is no guarantee that this stress testing will be effective or able to be conducted efficiently.

Risks

Please also refer to Sections 12.3(e) and 12.3(h)for a description of certain liquidity risks.

14.6 Rights and obligations attaching to the Units

The Trust is governed by the Trust Constitution and applicable laws. A summary of the key rights and obligations attaching to the Units and a description of the material provisions of the Trust Constitution while the Trust is listed are set out below. This summary is not exhaustive, nor does it constitute a definitive statement of the terms of the Trust Constitution. It does not contain information about certain provisions that would apply if the Trust is not listed.

The rights and obligations attaching to ownership of Units are also governed by the Corporations Act, the ASX Listing Rules, and general law which are not discussed in full.

If you invest in the Trust, you will be bound by the terms of the Trust Constitution. Copies of the Trust Constitution are available, free of charge, on request from the Responsible Entity. Please consider the Trust Constitution and this PDS before investing in the Trust.

Units

The beneficial interest in the Trust is divided into Units. A Unit confers on the Unitholder an undivided beneficial interest in the assets of the Trust as a whole, subject to Trust liabilities and not in parts or single assets. A Unitholder holds a Unit subject to the rights, restrictions, and obligations attached to that Unit. The Trust Constitution makes provision for the issue price for Units. The issue price for each ordinary Unit issued pursuant to this PDS is $2.

The Responsible Entity has policies and procedures that it will follow when exercising any discretion it has in relation to unit pricing, and a copy of this documentation will be provided by the Responsible Entity on request at no charge.

Amendments to the Constitution

Subject to the Corporations Act, the Trust Constitution may be amended by a resolution passed by 75% of the votes cast by Unitholders. Alternatively, the Responsible Entity can amend the Trust Constitution by executing a deed if the Responsible Entity reasonably considers that the amendment will not adversely affect Unitholders' rights.

Liability of Unitholders

Subject to any separate agreement of acknowledgement by the Unitholder or any tax amount arising in connection with the Unitholder as set out in the Trust Constitution, the liability of each Unitholder is stated in the Trust Constitution to be limited to the amount unpaid (if any) in relation to the Unitholder's subscription for their Units.

Responsible Entity's powers and duties

The Responsible Entity has all the legal capacity and powers both inside and outside Australia in respect of the Trust that it is possible under the law to confer on a trustee and as though the Responsible Entity were an individual who is the absolute owner of the assets of the Trust acting in their personal capacity.

The Responsible Entity is not an agent of any Unitholder.

The Responsible Entity may authorise any person to act as its agent or delegate to assist with its duties and functions. The Responsible Entity may include in the authorisation provisions to protect and assist those dealing with the agent or delegate as the Responsible Entity thinks fit.

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The Responsible Entity has the power to borrow and raise money, grant securities, guarantees and indemnities and to enter into derivatives. The Responsible Entity has the power to invest in, dispose of or otherwise deal with property and rights in its absolute discretion, including the power to invest and lend money.

The Responsible Entity has absolute discretion in deciding how and when to exercise its powers.

In discharging its duties, the Responsible Entity is required to comply with the Trust Constitution, the Corporations Act, the ASX Listing Rules and the general law in Australia.

Entitlement to fees/expense reimbursement

The Responsible Entity is entitled to be paid the fees as provided for in the Trust Constitution (subject to any limits agreed with the Manager) and to recover expenses from Trust assets that are incurred by it in performing its role in connection with the Trust, subject in each case to the proper performance of its duties.

Responsible Entity's indemnity

The Responsible Entity is indemnified out of the assets of the Trust and can be reimbursed for any liability incurred by it, in its own capacity or through a delegate, in relation to the proper performance of any of its duties or exercise of its powers in respect of the Trust.

Responsible Entity's liability

The Responsible Entity is not liable in contract, tort or otherwise, to Unitholders for any loss suffered in any way relating to the Trust except to the extent that the Corporations Act imposes such liability.

The Responsible Entity's liability is generally limited to the extent to which it is entitled to recover through its right of indemnity from the assets of the Trust.

Small holdings

In certain circumstances while the Trust is listed, the Responsible Entity may sell any Units held by a Unitholder that is a less than marketable parcel as provided in the Trust Constitution and the ASX Listing Rules.

Meetings

Meetings may be convened and conducted in accordance with the Corporations Act and the Trust Constitution. A resolution by Unitholders will bind all Unitholders whether or not they voted or were present at the meeting, or whether or not they signed the resolution.

Distributions/reinvestment

The Trust Constitution provides for the Responsible Entity to make distributions, and the Responsible Entity may decide whether to permit or require the Unitholders to reinvest some or all of any distribution to acquire Units.

Removal and retirement of the Responsible Entity

The Responsible Entity may voluntarily or compulsorily retire as permitted by law, which involves calling a meeting of Unitholders to pass a resolution with respect to appointing a new responsible entity. Unitholders may also call a meeting to vote on a resolution to remove the Responsible Entity.

Termination of the Trust

The Unitholders may terminate the Trust through an extraordinary resolution (as defined in the Corporations Act). Alternatively, the Trust terminates at the earliest of a date determined by the Responsible Entity and advised to Unitholders by notice in writing not less than 60 days before the proposed date of termination or the date on which the Trust terminates in accordance with the Trust Constitution or by law.

ASX Listing Rules/Corporations Act

The Trust Constitution provides for the provisions of the Corporations Act, ASIC relief, or the ASX Listing Rules to be incorporated into the Trust Constitution in certain circumstances.

14.7 Conflict of interest policy of Responsible Entity

The Responsible Entity may seek professional services for the Trust from qualified service providers, including from related parties of the Responsible Entity. Any such service or arrangements will be provided or entered into on terms that would be reasonable if the parties were dealing at arm's length and for reasonable remuneration.

The Responsible Entity maintains and complies with a written policy on related party transactions, including the assessment and approval process for such transactions and arrangements to manage conflicts of interest. All transactions in which the Responsible Entity may have, or may be perceived to have, a conflict of interest will be conducted in accordance with the conflicts of interest framework.

Under this policy, potential conflict situations will be monitored, assessed and evaluated by the Responsible Entity and, steps will be taken to ensure that the conflict is managed in an appropriate manner.

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14.8 Related party considerations and conflict management

Responsible Entity

The Responsible Entity also acts in various capacities (such as responsible entity, trustee and custodian) for other funds or accounts and the EQT Group may face conflicts between EQT Group's duties as responsible entity, EQT Group's duties to other funds the EQT Group manages and EQT Group's own interests.

The Responsible Entity is not a related party of the Managers.

The Responsible Entity also acts as trustee for one of the Underlying Funds, KPIF. Under an investment management agreement with KPIF, the Responsible Entity is entitled to receive annual trustee fees equal to a percentage of gross asset value of KPIF. This interest in the business of KPIF may lead to a conflict of interest for the Responsible Entity as responsible entity of the Trust.

Relationship between Responsible Entity and Managers

The Responsible Entity is required under law to prefer the interests of the Trust's investors over its own or that of the Managers. The EQT Group has policies and procedures in place to manage any conflicts of interest, which seek to ensure that any actual or potential conflicts of interest are identified, reported, assessed and managed in a timely and appropriate manner to uphold the best interests of the Unitholders of the Trust. The Responsible Entity has entered into an arm's length investment management agreement with the Managers (including with pre-defined remuneration payable to the Managers) which give the Responsible Entity the right to terminate the Managers as the managers of the Trust in certain cases (see Section 13.2). The Underlying Funds Trustees have also entered into an at arm's length investment management agreements with the Investment Manager to appoint it as the manager of the Underlying Funds (see Section 13.3).

The Managers and the Responsible Entity will manage any conflicts in accordance with the Trust Constitution, the Corporations Act and the law.

If a material conflict of interest has been identified by the Managers, the Investment Manager will provide the Responsible Entity with a written confirmation that the transaction is in the best interests of investors, along with documented reasoning to support this assessment.

Where there is a related party transaction at the Trust or Underlying Fund level, the Investment Manager adopts the following procedures:

- the Responsible Entity and any relevant Underlying Fund Trustees will be informed;
- Senior investment staff are allocated to each 'side' of the transaction;
- Unless immaterial or otherwise justified, for example, to adhere to confidentiality agreements, the Investment Manager will disclose related party transactions to investors on a periodic basis;
- Wherever economically feasible, the related transaction will be transacted on market or at least at market terms, and the relevant transaction will be valued by an independent third-party valuer where reasonably practicable; and
- The Investment Committee must approve any related party transactions.

Investment Manager

The Investment Manager of the Trust also acts as the manager of the Underlying Funds. The Investment Manager also acts as manager of other funds and segregated accounts on behalf of other clients not described in this PDS which have similar investment objectives to the Trust and which may also invest in the Underlying Funds. As the Trust will invest in the Underlying Funds, these related party transactions may be a potential conflict of interest. For example, the Underlying Funds may take actions that are inconsistent with the interests of the Trust.

Note that the Investment Manager performs its services to each of the Underlying Funds under separate investment management agreements with EQT and Fidante Partners Limited ACN 002 835 592.

The Investment Manager may also have a conflict of interest between pursuing the interests of the Unitholders in the Trust versus the interest of the members of the Underlying Funds or the interest of member or clients of other funds and segregated accounts.

While the Investment Manager has implemented policies and procedures to identify and mitigate such potential conflicts of interest, it is possible that the Investment Manager may, in the course of its business, have potential conflicts of interest which may not be managed effectively and may be detrimental to the Trust and, ultimately, the Unitholders.

As manager of the portfolio of the Trust and the Underlying Funds, the Investment Manager is responsible for providing the Responsible Entity (as responsible entity of the Trust) with relevant commentary and information with respect to the underlying investments. Given the interest of the Investment Manager at each of these levels, the Investment Manager may not always provide the Responsible Entity with sufficient information to enable those persons to properly supervise and evaluate its performance as Investment Manager.

Although, through the investment management agreement and other measures, the Investment Manager and the Responsible Entity have sought to mitigate the likelihood of these events, such events may still materialise.

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The management team of the Investment Manager, comprising directors and certain employees, which makes investment decisions in respect of the Trust and the Underlying Funds, as well as other funds managed by the Investment Manager or its related parties, may benefit from increased management and performance fees from different funds and accounts managed by the Investment Manager or its related parties. Accordingly, in making investment management decisions, the management team may be subject to conflicts of interest on the same basis as the Investment Manager.

In order to manage this conflict, the Investment Manager has a policy of allocating opportunities between those funds and clients for which the opportunity is considered appropriate.

Related party transactions in portfolio construction

In addition to sourcing investments directly from third parties, the Investment Manager may make use of the resources of its associates by investing in or acquiring assets originated by, or warehoused by, other associated entities. The Investment Manager does not make loans to related developers.

Any origination or establishment fees payable by a borrower or other investee will be payable to, and retained by, the Underlying Funds and will not be paid to the Investment Manager or associated entities.

The Trust, Underlying Funds, and other similar strategies or mandates managed by the Investment Manager, may invest into similar assets or transactions. The Investment Manager has a clear written allocation policy in place to govern how investment opportunities are allocated between mandates and funds.

Borrowing from related parties

Where funds are borrowed by the Trust or Underlying Funds from related entities, the terms are set on a commercial and arm's length basis and will be for reasonable remuneration. Material related party borrowings will require unanimous investment committee approval by the Investment Manager, and will be disclosed to the Trustee or Responsible Entity of the Trust and/or Underlying Funds involved. Any borrowing from related parties will be compared to other alternative market levels where available to ensure best execution.

Kapstream persons acting in various capacities in related parties

Some or all of the Portfolio Managers of the Trust are also Portfolio Managers of the Underlying Funds and are also directors and Investment Committee members of the Investment Manager. Where there is a perceived or real conflict, the members of the Investment Committee or portfolio managers will be tasked with advocating for the different 'sides' of conflict.

There is no direct remuneration link of the Portfolio Manager's to the valuation of the assets. Additionally, given valuations are made by independent third parties, this risk is considered to be partially mitigated.

Investment in the Trust

From time-to-time, funds and entities managed or controlled by the Managers may invest in the Trust.

As described in Section 14.2, there will be an off-market buyback mechanism which would result in the Trust holding its own Units leading to their immediate cancellation. Additionally, subject to obtaining any required approvals and compliance with law, the Trust, the Underlying Funds or one or more other Related Funds may acquire Units from time-to-time by purchasing them on-market or, through the Acquisition Offer. The extent to which this will occur (if at all) is not known as at the date of this PDS.

Managing potential conflicts of interest

Where possible, the Responsible Entity, and the Managers seek to prevent conflicts of interest which are avoidable and effectively manage those which are not.

The Responsible Entity and the Managers have each determined that the key factor in determining whether a conflict of interest exists is whether, based on existing circumstances, some or all of the interests of a client are inconsistent with, or diverge from, some or all of the interests of the Responsible Entity or the Managers or their respective representatives providing the financial services to the client. This includes actual, apparent and potential conflicts of interest. It is not necessary that the client is disadvantaged by favouring one interest over another – a conflict of interest exists because of the risk that the client could be disadvantaged.

For example, this will be the case where:

- The Responsible Entity could make a financial gain, or avoid a financial loss, at the expense of a client; or
- The Managers have a financial incentive to favour the interest of one client over the interests of another client.

The Responsible Entity will make decisions on potential conflicts of interest which are encountered including whether a conflict-of-interest situation exists and then consider and apply available mitigating or resolving conflict management arrangements.

Each of the Managers have also established policies and procedures which help it identify and appropriately deal with conflicts of interest – actual, apparent and potential. Conflicts are avoided where possible and if a conflict cannot be avoided, the Managers have the requisite procedures and controls in place to ensure it is appropriately managed. The Managers' conflict of interest policies require written confirmation to be obtained and reasons to be documented for a material transaction where there is a real or perceived conflict of interest.

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For example, where there is a transfer of assets between funds managed by the Investment Manager there is a robust process and governance protocol in place. Such trades require:

- Obtaining multiple quotes for the securities, and if none are available, consideration of an independent valuation; and
- Appointment of a portfolio manager to act for each fund (separately) on the transaction.

A further example of a potential conflict of interest that may arise is where Kapstream's funds own a combination of different parts of the capital stack, particularly in distressed situations and where the funds hold the positions in different proportions. Should a position become distressed and Kapstream have exposure to multiple parts of the capital stack:

- The Investment Committee will determine whether the different debt tranches or equity are at risk of materially different outcomes in a distressed or restructure situation (e.g. each tranche has a separate creditor's representative or committee)
- Where there is a likely or perceived conflict of interest between different debt tranches or equity of an issuer, a portfolio manager is appointed to 'represent' each tranche
- Any agreement to a debt or equity restructuring by Kapstream on behalf of its Underlying Funds will need to be signed off by the Investment Committee and the responsible entity. The responsible entities/trustees of each of the Trust and the Underlying Funds are independent of and unrelated to Kapstream.

Kapstream does not typically currently invest in equity positions or into distressed situations.

14.9 Benefits to those involved in the preparation of this PDS

(a) General

Other than as set out below or elsewhere in this PDS:

- no amount has been paid or agreed to be paid and no benefit has been given or agreed to be given to a director, or proposed director to induce them to become, or to qualify as, a director of the Issuer; and
- none of the following persons:
  - a director or proposed director;
  - each person named in this PDS as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this PDS; or
- a promoter of the Trust,

holds or held at any time during the last two years an interest in:

- the formation or promotion of the Trust;
- property acquired or proposed to be acquired by the Trust in connection with the Offer; or
- the Offer,

or was paid or given or agreed to be paid or given any amount or benefit for services provided by such persons in connection with the formation or promotion of the Issuer or the Offer.

(b) Interests of advisers and other parties

Kapstream Pty Limited and Mantis Funds Pty Ltd have been engaged to act as Investment Manager and Operations Manager of the Issuer, respectively, and will receive management fees from the Issuer as set out in Section 9.

Equity Trustees Limited acts as trustee of Kapstream Private Investment Fund and is entitled to fees for acting as trustee of the Underlying Fund.

Commonwealth Securities Limited, E&P Capital Pty Ltd, and Ord Minnett Limited have been engaged to act as Joint Lead Arrangers and Joint Lead Managers. MST Financial Services Pty Ltd and Taylor Collison Limited have also been engaged to act as Joint Lead Managers. The Manager has paid, or agreed to pay, fees as summarised in Section 13.1 for these services.

Under the terms of the Offer Management Agreement (see Section 13.1), the Joint Lead Arrangers and the Joint Lead Managers may pay fees on behalf of the Manager to financial services licensees and representatives (Brokers) for procuring subscriptions of the Units by their clients (who are wholesale clients within the meaning of the Corporations Act), among other things.

Corrs Chambers Westgarth has acted as Australian legal adviser to the Manager and Issuer, to provide certain legal services as set out in its terms of engagement with each entity and the Manager has agreed to pay the fees for these services.

Ernst & Young is the Issuer's Investigating Accountant and has prepared the Investigating Accountant's Report in Section 7 as set out in its terms of engagement with the Issuer and the Manager has agreed to pay the fees for these services.

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14.10 ASIC Relief

ASIC has granted relief under sections 601QA(1), 655A(1)(b) and 1020F(1)(a) of the Corporations Act for the off-market buy-backs detailed in Section 14.2. The relief is granted in accordance with ASIC's RG 101 Managed investment scheme buy-backs and is in a similar form to the relief provided for on-market buy-backs of ASX-listed schemes in ASIC Corporations (ASX-listed Schemes On-market Buy-backs) Instrument 2016/1159.

The relief is granted in respect of sections 601GA(4), Part 5C.6, 601FC(1)(d), 601FG(1)(a) and Division 5A of Part 7.9 of the Corporations Act and is effected by modifying or varying Part 5C of the Corporations Act. ASIC has also granted relief to modify the tables in section 609 and 611 of the Corporations Act in respect of the buy-backs.

14.11 ASX Waivers

In connection with the listing of the Trust on ASX, the Responsible Entity has obtained the following in-principle confirmation and waiver from the ASX in relation to the Trust:

- a confirmation that Listing Rule 10.3(e) applies to exclude the application of Listing Rule 10.1 that would otherwise require Unitholder approval to acquire, and redeem, ordinary units in the Underlying Funds (Kapstream Absolute Return Income Fund, Kapstream Absolute Return Income Plus Fund and Kapstream Private Investment Fund); and
- a waiver of Listing Rule 15.16 to the extent necessary to permit:
  - the Investment Management Agreement between the Trust and the Manager to have an initial fixed term of up to 10 years from the date of the Investment Management Agreement ('Initial Term'); and
  - the Investment Management Agreement to provide that if it is extended past the Initial Term, it will be ended on three months' notice after an ordinary resolution is passed to end it.

14.12 Broker responsibility

Your Broker, not the Issuer or the Managers, will be responsible for ensuring that Applications are submitted on your behalf.

The Issuer, Unit Registry, and the Managers take no responsibility for any acts or omissions by your broker in connection with your Application, Application Form and Application Monies (including, without limitation, failure to submit your Application by the close of the Offer).

Please contact your Broker if you have any questions.

14.13 Consents to be named and disclaimers of responsibility

Each of the parties referred to below:

- did not authorise or cause the issue of this PDS;
- does not make, or purport to make, any statement in this PDS nor is any statement in this PDS based on any statement by any of those parties other than as specified in this Section 14.13; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility or liability for any part of or any statement in or omission from the PDS other than as specified in this Section 14.13.

Each of the parties referred to below has consented, and as at the PDS Date has not withdrawn, its consent, to:

- be named in this PDS in the form and context in which it is named; and
- the inclusion of the following statements in this PDS, in the form and context in which they are included (and all other references to those statements).

Kapstream Capital Pty Limited and Mantis Funds Pty Ltd have given, and not withdrawn prior to the lodgement of this PDS with ASIC, its written consent to be named in this PDS as Manager of the Issuer in the form and context it is so named.

Apex Fund Services Pty Ltd has given, and has not withdrawn prior to the lodgement of this PDS with ASIC, its written consent to be named as the Issuer's Fund Administrator in the form and context in which it is named. Apex Fund Services Pty Ltd has not taken part in the preparation of any part of this PDS other than the recording of its name as the Fund Administrator.

Boardroom Pty Limited has given, and has not withdrawn prior to the lodgement of this PDS with ASIC, its written consent to be named as the Issuer's Unit Registry in the form and context in which it is named. Boardoom Pty Limited has not taken part in the preparation of any part of this PDS other than the recording of its name as the Unit Registry.

The Responsible Entity has appointed EQT Australia Pty Ltd to act as custodian for the Fund. The Custodian holds the assets on behalf of the Fund and is responsible to the Responsible Entity under a contractual relationship pursuant to a Custody Agreement. The Custodian has no supervisory role in relation to the operation of the Fund and is not responsible for protecting your interest. EQT Australia Pty Ltd has given, and has not withdrawn prior to the lodgement of this PDS with ASIC, its written consent:

- to be named in this PDS as the Custodian of the Trust; and
- to the inclusion of the statements made about it and the Trust in the form and context in which this information appears.

14. Additional Information Continued

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EQT Australia Pty Ltd has not taken part in the preparation of any part of this PDS other than the recording of its name as the Custodian. The Custodian has not caused or otherwise authorised the issue of this PDS. Neither the Custodian nor its employees or officers accept any responsibility arising in any way for errors or omissions from this PDS, other than in relation to the statements for which they have provided consent.

Corrs Chambers Westgarth has given, and not withdrawn prior to the lodgement of this PDS with ASIC, its written consent to be named in this PDS as the Australian legal adviser to the Offer (other than in relation to taxation law) in the form and context it is so named.

Ernst & Young has given, and not withdrawn prior to the lodgement of this PDS with ASIC, its written consent to (i) be named in this PDS as investigating accountant in the form and context it is so named and (ii) the inclusion in this PDS of its Investigating Accountant's Report in Section 7 in the form and context in which it is included.

Each of Commonwealth Securities Limited, E&P Capital Pty Limited, Ord Minnett Limited, MST Financial Services Pty Ltd and Taylor Collison Limited has given, and has not withdrawn prior to the lodgement of this PDS with ASIC, its written consent to be named as a Joint Lead Arranger and/or Joint Lead Manager (as relevant) in the form and context in which it is named. They have not taken part in the preparation of any part of this PDS other than the recording of their name and capacity, nor is any statement in this PDS based on any statement by the Joint Lead Arranger or Joint Lead Manager (as relevant).

14.14 Expenses of the Offer to be met by the Investment Manager

The expenses connected with the Offer (**Offer Expenses**) are estimated to be approximately between:

- $6.17 million if only the Minimum Amount is raised under the Offer; and
- $8.67 million if the Maximum Amount sought under the Offer is raised.

The Investment Manager will pay all of the Offer Expenses.

14.15 Governing law

This PDS and the contracts that arise from the acceptance of Applications are governed by the laws applicable in New South Wales and each Applicant submits to the exclusive jurisdiction of the courts of New South Wales.

14.16 Complaints

The Issuer has an established complaints handling process and is committed to properly considering and resolving all complaints. If you have a complaint about your investment, please contact Equity Trustees on:

Phone:	1300 133 472
Post:	Equity Trustees Limited GPO Box 2307, Melbourne VIC 3001
Email:	compliance@eqt.com.au

Equity Trustees will acknowledge receipt of the complaint within 1 Business Day or as soon as possible after receiving the complaint. Equity Trustees will seek to resolve your complaint as soon as practicable but not more than 30 calendar days after receiving the complaint. If you are not satisfied with the Issuer's response, then you may refer your complaint to the Australian Financial Complaints Authority (AFCA), an external complaints handling body of which Equity Trustees are a member. AFCA may hear complaints from retail clients and certain other categories of Unitholder. The role of this body is to provide you a free and independent assessment of your complaint. AFCA can be contacted as follows:

Website:	www.afca.org.au
Email:	info@afca.org.au
Phone:	1800 931 678 (free call)
In writing to:	Australian Financial Complaints Authority GPO Box 3 Melbourne Victoria 3001.

For the hearing and speech impaired, AFCA can be contacted by either:

National Relay Service:	www.relayservice.com.au
TTY/Voice Calls:	133 677 (local)
Speak & Listen:	1300 555 727 (local)

Time limits may apply to complain to AFCA and so you should act promptly or otherwise consult the AFCA website to find out if or when the time limit relevant t o your circumstances expires.

AFCA is independent of the Issuer and the Manager. AFCA does have some rules which may change from time to time, including that the claim involved must generally be under a certain financial amount – current details can be obtained from www.afca.org.au.

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14.17 Privacy and collection and disclosure of information

In applying to invest and completing an Application Form, you are providing the Unit Registry, Joint Lead Arrangers, Joint Lead Managers, Manager, and the Responsible Entity with certain personal details (your name, address, etc.). Your information will also be provided to the Joint Lead Managers who will hold this information on behalf of the Responsible Entity. The Unit Registry and the Responsible Entity use this information to establish and manage that investment for you.

Under the *Privacy Act 1988* (Cth), you can access personal information about you that is held by, or on behalf of, the Responsible Entity or one of the Managers ('us') except in limited circumstances. Please let us know if you think the information is inaccurate, incomplete, or out of date. You can also tell us by written communication, at any time, not to pass-on your personal information.

If you do not provide your contact details and other information, then your Application Form may not be able to be processed.

Under various laws and regulatory requirements, the recipients may have to pass-on certain information to other organisations, such as the ASX, ASIC, ATO, or AUSTRAC.

By applying to invest, you give us permission to pass-on information we hold about you to other companies which are involved in helping us administer the Trust, or where they require it for the purposes of compliance with FATCA and CRS.

A copy of the Responsible Entity's Privacy Statement is available on the Responsible Entity's website https://www.eqt.com.au/global/privacystatement or by contacting the Responsible Entity at privacyqueries@eqt.com.au.

14.18 Authorisation

Each director of the Issuer has authorised and consented to the lodgement of this PDS with ASIC and has not withdrawn that consent before its lodgement with ASIC.

This PDS is signed by Michael (Mick) O'Brien, a director of the Issuer, under section 351 of the Corporations Act.

Signed for and on behalf of the Issuer by:



Michael (Mick) O'Brien
Director

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15. Glossary



15. Glossary

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In this PDS, the following terms and abbreviations have the following meanings, unless the context otherwise requires:

TERM	DESCRIPTION
$ or AUD	The lawful currency of Australia.
10/12 Limit	The 10/12 limit is 10% of the smallest number of units that are on issue at any time during the previous 12 months.
ABS or Asset Backed Securities	Asset backed securities (ABS) is a type of debt instrument in which the interest and principal payments are secured against the performance of an underlying pool of assets and paid through monthly payment of interest and principal by the end borrower of these loans such as home loans (residential mortgages), auto loans and other forms of consumer loans. This form of finance is known as Securitisation. See section 4 for further information.
Acquisition Offer	Has the meaning given to it in Section 14.2(b).
Acquisition Scale-Back	Has the meaning given to that term in Section 14.2(b).
AFSL	Australian financial services licence.
Allotment Date	The date that the Units offered by this PDS will be issued, expected to be 18 March 2026.
AML/CTF Act	Has the meaning given to it in Section 10.11.
AML/CTF Law	Has the meaning given to it in Section 10.11.
Applicant(s)	A person(s) who submits an Application.
Application	An application to subscribe for Units under this PDS, using an Application Form.
Application Form	The application form accompanying this PDS provided to you by the Issuer or the electronic application form that you have received from your Broker together with the electronic version of the PDS.
Application Monies	The aggregate amount of money payable by an Applicant for Units applied for under the Offer.
APRA	The Australian Prudential Regulation Authority.
ASIC	The Australian Securities and Investments Commission.
Australian Accounting Standards or AAS	Accounting standards or principles that are required to be complied with under Australian law.
Australian Accounting Standards Board or AASB	The Australian Accounting Standards Board, a Government Agency under the *Australian Securities and Investments Commission Act 2001* (Cth).
ASX	ASX Limited ACN 008 624 691 or the Australian Securities Exchange, as the context requires.
ASX Listing Rules	The official listing rules of the ASX, as amended from time to time.
ASX Recommendations	The 4th edition of ASX's Corporate Governance Principles and Recommendations, February 2019.

15. Glossary Continued

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TERM	DESCRIPTION
ASX Settlement Rules	The operating rules of the settlement facility provided by ASX Settlement Pty Ltd (ACN 008 504 532).
ATO	Australian Taxation Office.
AUSTRAC	Australian Transaction Reports and Analysis Centre.
B-	'B' credit ratings indicate that material default risk is present, but a limited margin of safety remains. Financial commitments are currently being met; however, capacity for continued payment is vulnerable to deterioration in the business and economic environment. B- is the lowest of the 'B' credit ratings.
Board	The board of directors of the Responsible Entity.
Bond	Fixed income instrument representing a loan made by an investor to a borrower that is typically a corporate or government entity.
Broker	Any ASX participating organisation selected by the Issuer or Joint Lead Manager to act as a broker for the Offer.
Broker Firm Offer	The Offer of Units under this PDS to clients of Brokers who have a registered address in Australia and have received a firm allocation from their broker to participate in the Broker Firm Offer.
Business Day	Has the same meaning as in the ASX Listing Rules, but where used in connection with any redemption or payment on the Units, excludes a day on which major trading banks are not open for business in Sydney, Australia.
Buy-Back Agreements	Has the meaning given to that term in Section 14.2.
Buy-Back Booklet	Has the meaning given to that term in Section 14.2.
Buy-Back Price	Has the meaning given to that term in Section 14.2.
Buy-Back Pricing Date	Means the pricing date for the Buy-Back Price as described in the Buy-Back Booklet.
Cash	At-call deposits held with a bank including term deposits maturing in 31 days or less, and holdings in money market funds.
CHESS	Clearing House Electronic Sub-register System.
CLO or Collateralised Loan Obligation	Means a type of structured credit product backed by a pool of leveraged loans, typically loans made to companies with below-investment-grade credit ratings. These loans are packaged together and then sliced into tranches of varying risk and return, and sold to investors.
Closing Date	Has the meaning given in the "Key Offer Information" section.
Commercial Real Estate Loan	A loan secured by a commercial (e.g. office, retail, industrial) property or portfolios of properties. See section 4 for further information.
Compliance Plan	The compliance plan for the Trust as described in Section 8.3.

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TERM	DESCRIPTION
Compliance Plan Auditor	The compliance plan auditor of the Trust.
Continuous Disclosure Policy	Has the meaning given to that term in Section 8.5.
Cornerstone Investor	An investor participating in the Cornerstone Offer.
Cornerstone Offer	The Offer of Units to Institutional Investors that have been invited to participate in the Cornerstone Offer by the Issuer and Joint Lead Managers.
Corporate Loan	Means a loan to a corporate borrower. Each loan involves an advance of funds to a corporate borrower with contractual obligations to repay principal principle and pay interest. See Section 4 for further information.
Corporations Act	*Corporations Act 2001* (Cth).
Credit Default Swaps	Financial derivatives that allow an investor to swap or offset their credit risk with that of another investor.
CRS	Has the meaning given to it in Section 10.11.
Custodian	EQT Australia Pty Ltd (ACN 111 042 132: AFSL 1262369).
Distributions	Means amounts payable on the Units by the Trust to the Unitholders in accordance with the terms of the Trust Constitution of the Trust.
DRP	The Trust's 'Distribution Reinvestment Plan', being a plan that provides Unitholders the option to re-invest Trust's distributions into additional Units, available on the Trust Website.
EQT Group	Means EQT Holdings Limited (ABN 22 607 797 615) and its subsidiaries.
Excluded Foreign Holders	Means Unitholders who the Responsible Entity determines to exclude on the basis that: (a) the Responsible Entity would be prohibited from making a payment to such Unitholders pursuant to an act, rule or regulation that prohibits the Responsible Entity from making payments to a person who resides in a jurisdiction outside of Australia; (b) the Unitholder resides in a jurisdiction where it would be illegal under the laws of that jurisdiction to make an invitation to the Unitholder or for the Unitholder to participate in the off-market buy-back, or (c) the Unitholder resides in a jurisdiction outside Australia and it would be unreasonable to make an invitation to the Unitholder having regard to each of the following: (i) the number of Unitholders in that jurisdiction; (ii) the number and value of Units in the Trust held by Unitholders in that jurisdiction; and (iii) the cost of complying with legal requirements and the requirements of any relevant regulatory authority applicable to make the invitation in that jurisdiction.
Exposure Period	Has the meaning given in the "Important Information" section.
FATCA	Has the meaning given to it in Section 10.11.
Fund Administrator	Apex Fund Services Pty Ltd (ACN 118 902 891; AFSL 303253).

15. Glossary Continued

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TERM	DESCRIPTION
GAV or Gross Asset Value	Means: (a) in relation to a class of Units at a time the Responsible Entity calculates the NAV, the sum of the value of the Assets attributable to the relevant class based on the class account for that class; and (b) in relation to the Trust at a time the Responsible Entity calculates the NAV, the sum of the value of the assets.
Government Agency	Includes: (a) APRA, ASX, ASIC, the ATO and the Treasurer of the Commonwealth of Australia; (b) any government or governmental, semi-governmental, administrative, regulatory, fiscal, judicial or quasi-judicial entity or authority; (c) a minister, department, office, commission, delegate, instrumentality, board, authority, tribunal, agency or organisation of any government; and (d) any regulatory organisation established under statute.
GST	Goods and services tax.
Holding Statement	Means a holding statement evidencing that the person named on it is the holder of the number of Units shown on it.
IFRS	International Financial Reporting Standards.
Initial Term	Has the meaning given to that term in Section 13.2.
Institutional Investors	Investors to whom offers or invitations in respect of Units can be made without a PDS or other formality.
Internal Rating	Means an assessment of creditworthiness of the Underlying Fund's investments using the Manager's internal ratings model. For further details on this, please refer to Section 4.5 and please consider certain risks associated with this set out in Section 12.3(o).
Investigating Accountant	Ernst & Young (ABN 75 288 172 749).
Investment Grade	A term used to describe a borrower or credit instrument that has a relatively low risk of default and is typically representative of a borrower that has high to medium credit quality. External credit rating agencies view Investment Grade as equivalent to a rating between AAA and BBB- or between Aaa and Baa3.
Investment Management Agreement	Means the investment management agreement between the Manager and the Responsible Entity.
Investment Manager or Kapstream	Kapstream Capital Pty Limited (ACN 19 122 076 117; AFSL 308870).
Investment Strategy	The investment strategy set out in Section 4.
Issue Price	$2 per Unit, being the price that Applicants will pay for each Unit.

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TERM	DESCRIPTION
Issuer	Equity Trustees Limited (ACN 004 031 298; AFSL 240 975) as responsible entity of the Kapstream Investment Trust.
Joint Lead Arrangers	The Joint Lead Arrangers are Commonwealth Securities Limited (**CommSec**) (ACN 067 254 399; AFSL 238 814), E&P Capital Pty Limited (ACN 137 980 520; AFSL 338 885) (**E&P**) and Ord Minnett Limited (ACN 002 733 048; AFSL 237 121) (**Ord Minnett**).
Joint Lead Managers	In addition to the Joint Lead Arrangers, MST Financial Services Pty Ltd (ACN 617 475 180; AFSL 500 557) (**MST**) and Taylor Collison Limited (ACN 008 172 450; AFSL 247 083) (**Taylor Collison**) are also Joint Lead Managers.
KARIF	Means the Kapstream Absolute Return Income Fund.
KARIPF	Means the Kapstream Absolute Return Income Plus Fund.
KPIF	Means the Kapstream Private Investment Fund.
Lead Manager Parties	Has the meaning given to that term in the 'Important Information' section.
Managers	The Investment Manager and the Operations Manager.
Maximum Amount	150,000,000 Units at $2 per Unit to raise $300 million.
Minimum Amount	100,000,000 Units at $2 per Unit to raise $200 million.
NAV or Net Asset Value	In relation to the Trust, means the value of all assets of the Trust minus the total liabilities of the Trust. As the Trust does not hold any intangible assets, this is the same as its NTA.
NTA	In relation to the Trust, means the value of all assets of the Trust minus any intangible assets and the total liabilities of the Trust.
Offer	The offer of a minimum of 100,000,000 and up to 150,000,000 Units at the Issue Price on the terms set out in this PDS.
Offer Expenses	Has the meaning given to that term in Section 14.14.
Offer Information Line	Means 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia) between 8.15am and 5.30pm (Sydney time), Monday to Friday (excluding public holidays), during the Offer Period.
Offer Period	Has the meaning given to that term in the "Important Information" section.
Official List	The official list of entities that ASX has admitted and not removed from listing.
Opening Date	Has the meaning given in the "Key Offer Information" section.
Operations Manager or Mantis	Mantis Funds Pty Ltd (ABN 77 640 207 021; CAR No. 1281645 of AFSL 531027.
PDS	This document containing the Offer, including both hard copy and electronic versions, and any supplementary or replacement document.
PDS Date	The date on which the PDS is lodged with ASIC.

15. Glossary Continued

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TERM	DESCRIPTION
RBA Cash Rate	The interest rate that banks pay to borrow funds from other banks in the money market overnight as set by the Reserve Bank of Australia.
Reference Period	Has the meaning explained in Section 5.2.
Related Funds	Means funds (other than the Trust), segregated accounts or mandates that are managed by Kapstream or its related parties and includes the Underlying Funds.
Relevant Parties	Has the meaning given to it in Section 10.11.
Relevant Persons	Has the meaning given to that term in the "Important Information" section.
Responsible Entity	Equity Trustees Limited (ACN 004 031 298; AFSL 240975) (which acts as responsible entity of the Trust).
Revolving Credit Facility	Means a loan facility to the Underlying Fund (as borrower) secured by the assets of the Underlying Fund and which enables the Underlying Fund to acquire or facilitate investments, and to meet the short-term working capital requirements of the Underlying Fund.
Scale-Back	Has the meaning given to that term in Section 14.2(a).
Section	A section of this document.
Secured Loan	Means a loan secured by the company's shares and/or operating assets in the case of Corporate Loan, property collateral in the case of Commercial Real Estate Loan, or another type of security collateral in the case of other debt investments.
Securitisation	Securitisation is the process of converting portfolios of cashflow generating assets into securities. A special purpose vehicle (e.g. Warehouse Facility) purchases a pool of assets (such as mortgages or auto loans) and finances this purchase through the issuance of securities/notes/bonds. The underlying assets act as collateral for the securities/notes/bonds. Cash flows generated from the pool of assets, such as interest and principal, are used to pay interest and principal on the securities/notes/bonds issued by the securitisation vehicle. The underlying loan pools are highly diversified and consist of thousands of loans.
Subordinated Debt	Means a type of debt that ranks below senior debt in terms of repayment priority in the event of a company's insolvency. See Section 4 for further information.
Swap	Means a derivative contract through which two parties exchange the cash flows or liabilities from two different financial instruments. This includes: (a) an interest rate swap, being a financial agreement where two parties exchange interest payment obligations, typically based on a notional principal amount, over a specified period, and these swaps allow borrowers to convert fixed interest rates to floating rates or vice versa, managing interest rate risk and cash flow; (b) a foreign exchange swap, being an agreement to simultaneously borrow one currency and lend another at an initial date, then exchanging the amounts at maturity; or (c) a cross currency swap, being a financial agreement where two parties exchange principal amounts and interest payments in different currencies. See Section 4 for further information.
Sydney time	The time in Sydney, Australia.

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TERM	DESCRIPTION
Target Market	The target market set out in the Target Market Determination.
Target Market Determination	The Target Market Determination issued by the Issuer in relation to the Units.
Trust	Kapstream Investment Trust (ARSN 691 029 124).
Trust Constitution	The constitution of the Trust.
Trust Website	www.kapstream.com/KIT
Underlying Fund	Initially, the following funds managed by the Investment Manager: • Kapstream Absolute Return Income Fund; • Kapstream Absolute Return Income Plus Fund; and • Kapstream Private Investment Fund.
Underlying Fund Trustee	Initially, the following responsible entities and trustees: • Fidante Partners Limited (ACN 002 835 592; AFSL 234668), being the responsible entity of Kapstream Absolute Return Income Fund and Kapstream Absolute Return Income Plus Fund. • Equity Trustees Limited (ACN 004 031 298; AFSL 240975), being the trustee of Kapstream Private Investment Fund.
Underlying Fund Units	Ordinary units in an Underlying Fund.
Units	Ordinary units in the Trust.
Unit Registry	Boardroom Pty Limited (ACN 003 209 836) or any other Unit registry that the Issuer appoints to maintain the register of Units.
Unitholder	A holder of Units.
US or United States	The United States of America, its territories and possessions, any State of the United States of America and the District of Columbia.
US Securities Act	*The United States Securities Act of 1933*, as amended.
Warehouse Facilities	Each Warehouse Facility is typically structured as a bankruptcy-remote Special Purpose Vehicle (SPV), established exclusively to purchase underlying receivables—such as residential mortgages or auto loans—from non-bank originators. These purchases are funded through the issuance of notes to investors. The primary function of a Warehouse Facility is to provide interim financing to non-bank originators, bridging the period between the origination of receivables and their eventual sale through a public asset-backed securities (ABS) transaction. The terms governing each Warehouse Facility are rigorously defined to regulate lending activities, maintain portfolio diversification, and establish specific investor protections. These protections include rights triggered by adverse performance of the receivables held within the SPV, ensuring robust risk management throughout the facility's lifecycle.
Wholesale Client	Has the meaning given under the Corporations Act.

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Corporate Directory

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Investment Manager

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Operations Manager

Mantis Funds Pty Ltd

Level 5, 56 Pitt Street
Sydney NSW 2000

Unit Registry

Boardroom Pty Limited

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Sydney NSW 2000 Australia

Telephone (within Australia): 1300 737 760
Telephone (outside Australia): +61 2 9290 9600

Email: enquiries@boardroomlimited.com.au

Legal Adviser to the Offer

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Sydney, NSW 2000, Australia

Investigating Accountant

Ernst & Young

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Sydney NSW 2000 Australia

Joint Lead Arrangers and Joint Lead Managers

Commonwealth Securities Limited

Commonwealth Bank Place South
Level 1, 11 Harbour Street
Sydney NSW 2000

E&P Capital Pty Limited

Level 9, 171 Collins Street
Melbourne, VIC 3000

Ord Minnett Limited

Level 18, Grosvenor Place,
225 George Street
Sydney NSW 2000

Joint Lead Managers

MST Financial Services Pty Ltd

Level 13, 14 Martin Place
Sydney NSW 2000

Taylor Collison Limited

Level 16, 211 Victoria Square
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Kapstream

—JANUS HENDERSON—

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