

# Ardea Diversified Bond Fund

A beta alternative with an alpha edge

The Ardea Diversified Bond Fund (the Fund) aims to efficiently deliver the risk and return characteristics of the benchmark index (the 'beta' component) while also targeting excess returns (the 'alpha' component) above the Fund's benchmark using Ardea IM's differentiated pure relative value investing approach.

## WHY INVEST?



### Beta component

The Fund aims to efficiently deliver the risk and return characteristics of the benchmark Index.



### Alpha component

The Fund aims to generate volatility-controlled alpha from uncorrelated sources via Ardea IM's proven pure relative value approach. Pure relative value strategies can generate returns independently of the prevailing interest rate environment and are unaffected by how the broader bond markets are performing.



### Risk Protection<sup>1</sup>

The fund primarily invests in high quality government bonds, related derivatives and cash equivalent investments with no exposure to corporate bonds or other credit securities. The Fund explicitly targets tracking error controlled returns to strictly limit performance volatility. Ardea IM aims to hedge all foreign currency back to AUD<sup>2</sup>.

## FUND AT A GLANCE

### Objective

The Fund aims to outperform its benchmark (after fees) over rolling three-year periods

### Benchmark

Bloomberg Ausbond Composite Bond 0+ Year Index

### Distribution Frequency

Quarterly

### Inception Date

13 February 2019

### Minimum Investment

\$10,000 or \$1,000 with Regular Investment Plan

### Management Fee

0.50% p.a.

### Minimum Suggested Investment Timeframe

At least 2 years

### APIR Code

HOW8543AU

## WHAT DOES THE FUND INVEST IN?

To maximise the defensive attributes of the portfolio, the Fund primarily invests in high quality government bonds (min. A+ credit rating), related derivatives, and cash equivalent investments while excluding all corporate bonds and other credit securities.

Structural Portfolio Characteristics	Minimal active rate risk	Portfolio aims to remain duration neutral relative to the benchmark index at all times
	Minimal credit risk	A+ rating floor for all bond holdings, credit securities excluded
	Minimal liquidity risk	Investment universe limited to liquid securities
	Minimal FX risk	FX exposure is hedged

<sup>1</sup> It is important to note that the value of assets in the Managed Investment Scheme and the level of returns will vary. No return is guaranteed. Future returns may differ from past returns and investors may lose some or all of their money invested.

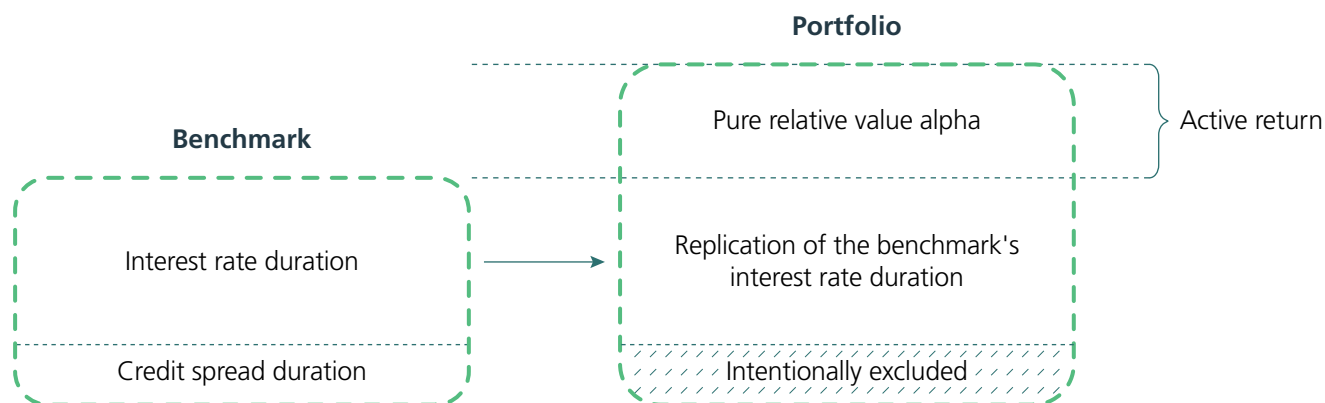
<sup>2</sup> Hedging Foreign currency exposure back to the Australian dollar, as practicable. The tolerance for unhedged foreign currency exposure is 2% of the Fund's net asset value.

## WHY IS THE FUND UNIQUE?

### Pure Relative Value Strategy

While the Fund invests in the same government bond markets as traditional fixed income funds, it generates returns in a very different way. The Fund's highly differentiated pure relative value investment approach offers a compelling alternative to conventional fixed income strategies because it is independent of the prevailing interest rate environment and broader bond market performance. The relative value investment strategy accesses a much broader range of fixed income return sources that are independent of the level or direction of interest rates.

The pure relative value opportunity has proven to be a reliable source of returns because it is driven by structural market inefficiencies that persistently create new relative value mispricing opportunities to profit from. Ardea IM specialises in building a repeatable and highly scalable investment process to capture this large and constantly evolving global opportunity set on behalf of clients.



## WHO IS THIS FUND SUITABLE FOR?

The Fund is intended for investors seeking:

- The return characteristics of the Australian bond market as represented through the Bloomberg Ausbond Composite Bond 0+ Year Index
- Stable alpha with consistent tracking error control
- Highly differentiated alpha drivers that are independent of fixed income and equity market performance
- Defensive, high quality fixed income exposure with no exposure to corporate bonds or other credit securities
- Daily liquidity.

## ABOUT ARDEA INVESTMENT MANAGEMENT

Founded in 2008, Ardea IM are now one of Australia's largest specialist relative value fixed income investment managers. Our global client base ranges from the largest institutional investors and asset consultants, to a diverse range of wholesale and retail clients.

Ardea IM's highly differentiated pure relative value (RV) investing approach offers a compelling alternative to conventional fixed income investments because it is independent of the prevailing interest rate environment and broader bond market performance.

### CONTACT US

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This material has been prepared by Ardea Investment Management Pty Ltd (ABN 50 132 902 722, AFSL 329 828) (Ardea IM), the investment manager of the Ardea Diversified Bond Fund (the 'Fund'). Fidante Partners Limited ABN 94 002 835 592 AFSL 234668 (Fidante) is a member of the Challenger Limited group of companies (Challenger Group) and is the responsible entity of the Fund. Other than information which is identified as sourced from Fidante in relation to the Fund, Fidante is not responsible for the information in this material, including any statements of opinion. It is general information only and is not intended to provide you with financial, legal or other professional advice or take into account your objectives, financial situation or needs. This flyer is intended for information only and does not constitute an advice or an offer, invitation, solicitation or recommendation to invest in the Fund and it should not be used as the basis for making an Investment in the Fund. You should consider, with a financial adviser, whether the information is suitable to your circumstances. The Fund's Target Market Determination and Product Disclosure Statement (PDS) available at [www.fidante.com](http://www.fidante.com) should be considered before making a decision about whether to buy or hold units in the Fund. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. The Fund accepts no responsibility or liability for loss which may arise from reliance on information contained in this presentation. No guarantee is given that the content will be accurate and current at all times. In preparing this flyer, the Fund has relied upon and assumed, without independent verification, the accuracy and completeness of all information available from public sources or which was otherwise used in the preparation of this flyer. All content is subject to modification from time to time without notice. Past performance is not a reliable indicator of future performance. Any projections are based on assumptions which we believe are reasonable but subject to change and should not be relied upon. The Fund is not under any obligation to update the information contained in this flyer. This information in this flyer has not been audited or verified by any independent party and is subject to change at any time, without notice. Ardea IM and Fidante have entered into arrangements in connection with the distribution and administration of financial products to which this material relates. In connection with those arrangements, Ardea IM and Fidante may receive remuneration or other benefits in respect of financial services provided by the parties. Fidante is not an authorised deposit-taking institution (ADI) for the purpose of the *Banking Act 1959* (Cth), and its obligations do not represent deposits or liabilities of an ADI in the Challenger Group (Challenger ADI) and no Challenger ADI provides a guarantee or otherwise provides assurance in respect of the obligations of Fidante. Investments in the Fund are subject to investment risk, including possible delays in repayment and loss of income or principal invested. Accordingly, the performance, the repayment of capital or any particular rate of return on your investments are not guaranteed by any member of the Challenger Group. The content of this flyer is confidential and should not be reproduced, in whole or in part, without the prior consent of the Fund, or distributed in any way to the public or press. D2\_20240209.