

Ardea Real Outcome Bond Complex ETF (ASX:XARO)

ARSN 629 403 925

Fund Facts – 31 August 2025

ASX Ticker	XARO		
Fund Inception Date	10 December 2018	Fund Size	\$180.2 million
Underlying Fund Inception Date	20 July 2012	Underlying Fund Size	\$2.1 billion
Distribution Frequency	Quarterly	Unit Registry	Link Market Services
Management Fee	0.50% p.a.	Fund Issuer	Fidante Partners Limited

Fund Overview

The Ardea Real Outcome Bond Complex ETF (the Fund) is a defensive fixed income solution that targets stable returns exceeding the cash rate and inflation, with a quarterly income distribution and daily liquidity.

The Fund does this by employing Ardea's 'relative value' investment approach, which combines the safety of high quality government bonds with proven risk management strategies to deliver low volatility returns, while protecting capital from interest rate fluctuations and general market volatility. (Note: neither the Fund nor the Underlying Fund are guaranteed).

Suits Investors Seeking

- a higher expected return than cash¹
- an alternative source of income, with low volatility
- a defensive fixed income anchor to diversify portfolio risk away from equities, property and credit investments
- investors who accept some risk and that their investment will include exposure to derivative strategies

¹ Neither fund performance nor capital is guaranteed

Monthly Performance Report – 31 August 2025

Fund Performance ^{2, 3}	1 month	3 months	1 Year	2 years	3 years	5 years	Since inception ⁴
Fund	0.16	1.09	5.13	1.97	3.17	1.91	3.33
Australian Consumer Price Index	0.23	0.67	2.38	2.76	3.70	4.25	3.36
Excess Return	-0.07	0.42	2.75	-0.79	-0.52	-2.34	-0.03

² Performance figures are based on the Fund's net asset value, are calculated after fees have been deducted and assume distributions have been reinvested. No allowance is made for tax when calculating these figures. **Past performance is not a reliable indicator of likely future performance.** All periods longer than 1 year are annualised. ³ The performance of the Fund will not exactly replicate that of the Underlying Fund, for example, where cash is held by the Fund. ⁴ The Fund's inception date is 10 December 2018. Source: Fidante Partners Limited, 31 Aug 2025.

Underlying Fund

The Fund invests in Ardea Real Outcome Fund (Underlying Fund). In this report, where we refer to the Fund's investments we generally do so on a 'look-through' basis; that is, we are referring to the underlying assets that the Fund is exposed to through its investment in the Underlying Fund.

Underlying Fund Performance ⁵	1 month	3 months	1 Year	2 years	3 years	5 years	Since inception ⁶
Underlying Fund	0.16	1.09	5.13	1.95	3.17	1.92	3.43
Australian Consumer Price Index	0.23	0.67	2.38	2.76	3.70	4.25	2.67
Excess Return	-0.08	0.42	2.74	-0.81	-0.53	-2.33	0.75

⁵ Performance figures are calculated after fees have been deducted and assume distributions have been reinvested. No allowance is made for tax when calculating these figures. **Past performance is not a reliable indicator of likely future performance.** All periods longer than 1 year are annualised.

⁶ The Underlying Fund's inception date is 20 July 2012. Source: Fidante Partners Limited, 31 Aug 2025.

Underlying Fund Exposure

Sector Exposure		Rating Exposure		Risk Contribution by Currency	
Government – National	69%	AAA	76%	AUD	48%
Government – State	31%	AA	24%	CAD	1%
Total	100%	A+	0%	EUR	14%
		Total	100%	JPY	4%
				NZD	2%
				GBP	9%
				USD	21%
				Total	100%

Sources: Ardea Investment Management, S&P Ratings. Noting investors accept some risk and that their investment will include exposure to derivative strategies.

Fund Benefits

Higher expected returns than cash¹

The Fund has a track record of delivering returns exceeding cash and inflation since inception². As these returns are independent of market direction, Ardea expects to maintain a level of outperformance in rising and falling markets irrespective of the level of the cash rate.

An easier way to access your investment

The Fund offers daily trading on the ASX, without break costs that can apply to certain cash products.

Lower risk than many income seeking investments³

The Fund invests in high-quality government bonds and cash securities, which have lower credit risk, unlike bank hybrids and corporate bonds, while also using sophisticated risk management strategies to help volatility compared to dividend paying stocks.

Defensive fixed income anchor that helps diversify investment portfolio risk

The Fund targets positive returns that are independent of interest rate fluctuations and general market volatility. Combining this with proven risk management strategies allows the Fund to help diversify your portfolio risk away from equities, property and credit investments.

Protect the purchasing power of your investment

In addition to outperforming⁴ cash, the Fund targets returns exceeding inflation, which helps protect the long term purchasing power of your investment.

Experienced and stable investment team: Ardea's investment team has decades of experience across global fixed income markets. Majority employee ownership of the Ardea business fosters team stability.

Fund Risks

The Fund is exposed to a number of risks including interest rate risk, market risk, and collateral risk. Please refer to the Product Disclosure Statement for more information.

1 Past performance is not an indicator of future performance. Neither fund performance nor capital is guaranteed. 2 Inception date is 20 July 2012 3 When compared to Equities (S&P/ASX200 Accumulation), REITs (S&P/ASX200 A-REIT), Ausbond Composite (Australian govt and non-government bonds) and Ausbond Govt (Australian govt bonds). 4 Refers to the Fund's historical track record since inception

Portfolio Commentary

The portfolio delivered a return of +0.16% for the month.

Rolling quarterly performance remains within the normal range of expected performance variability, based on the portfolio's volatility target.

As usual, performance drivers for the quarter were diversified across small gains / losses generated by many modestly sized trades, with no unusually concentrated performance drivers.

Curve RV strategies contributed positive performance. (+0.01%)

Bond RV strategies contributed positive performance. (+0.22%)

Option exposures contributed negative performance. (-0.15%)

Inflation beta exposure contributed positive performance. (+0.12%)

Explanatory Notes

- The normal range of expected performance variability is defined relative to the portfolio's volatility / TE target (2.0% p.a.). Based on this, quarterly excess returns should mostly be within a range of -0.5% / +1.5% (1 std dev band, 68% of sample) and sometimes outside this range, but no wider than -1.5% / +2.5% (2 std dev band, incremental 27% of sample).
- Curve RV strategies seek to profit from RV pricing anomalies in the shapes of interest rate curves.
- Bond RV strategies seek to profit from RV pricing anomalies in specific government bonds.
- Option exposures stem from RV trades that involve buying interest rate options. These exposures are biased to outperform in periods of market stress and are used to balance risk vs other types of RV trades that may temporarily underperform at such times.
- Inflation beta exposure stems from the portfolio's structural exposure to market-based inflation pricing through holdings of inflation-linked bonds and inflation swaps.

Understanding Performance

The Underlying Fund's highly differentiated investment approach generates returns exclusively from capturing RV mispricing opportunities across global interest rate markets. This approach is intentionally independent of the level of bond yields, the direction of interest rates and broader bond market themes.

The Underlying Fund's portfolio construction process intentionally diversifies risk across many different types of independent and modestly sized RV trades. Therefore, performance is the cumulative result of interactions between hundreds of trades entered, exited, and held over the preceding months.

For these reasons, the Underlying Fund's performance is ordinarily not driven by a few key trades, nor can it be mapped to broader market fluctuations or macro themes. This is intentional, because the Underlying Fund aims to deliver volatility-controlled returns that exhibit low correlation to the performance of government bond, credit, and equity markets. This is precisely why the Underlying Fund can offer compelling diversification benefits when combined with conventional investments.

Please note that monthly performance attribution is heavily influenced by short-term 'noise' and ordinarily offers little genuine information value.

Contact Us

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Underlying Fund Ratings



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