ARDEA
Investment Management

Ardea Australian Inflation Linked Bond Fund

ARSN 622 519 117 APIR Code HOW0062AU

Quarterly Performance Report September 2026

Performance (% p.a.) [1]	1 month	3 months	6 months	1 year	3 years	5 years	Since Inception[1]
Portfolio (net)	-0.70	-1.42	1.18	-0.37	3.18	1.87	4.79
Bloomberg AusBond Inflation Government 0+ years Index	-0.65	-1.45	0.69	-0.51	2.98	0.63	4.16
Excess return	-0.06	0.02	0.49	0.14	0.20	1.24	0.64

[1] 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 future performance.
[2] The Fund's inception date is 18/03/2010.
Source: Fidante Partners Limited, 30 September 2026.

Strategy Overview

Ardea's pure relative value (RV) investment specialisation is fundamentally different to conventional fixed income investing and therefore we customise our quarterly portfolio commentaries accordingly.

As our portfolios are inherently high turnover, highly diversified and designed to generate uncorrelated returns from a repeated investment process averaged over time:

- *performance is the cumulative result of interactions between many of modestly sized trades that were entered, exited, and held over the preceding months*
- *performance is generally driven by many small gains / losses, rather than a few key contributors*
- *Performance is not driven by broader bond / equity market fluctuations*
- *a single quarter is generally not enough time to draw meaningful conclusions about performance themes*

Therefore, we customise the quarterly portfolio commentary in the following ways:

- *Consider quarterly performance in isolation only when there is outsized performance volatility, unusually concentrated performance drivers and / or noteworthy portfolio changes.*
- *Consider quarterly performance in a longer-term context, with reference to the Fund's investment objectives and the roles it plays in the broader portfolio.*

Investment Objectives

The Fund's investment objectives encompass both the magnitude of returns generated ('size' of return) and the risk characteristics underlying those returns ('style' of return), resulting in a unique combination of risk / return attributes that cannot be obtained from conventional fixed income investments.

These attributes link to the underlying theme of defensive risk diversification.

Portfolio Commentary

Fund performance

The portfolio delivered a return of +0.02% relative to the benchmark index for the quarter.

Rolling 3-month performance remains within the range of expected performance variability.

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

Curve RV strategies contribution to performance was positive. (+0.09%)

Bond RV strategies contribution to performance was negative. (-0.01%)

Option exposures contribution to performance was positive. (0.02%)

Inflation RV strategies contribution to performance was positive. (0.01%)

Explanatory Notes

- Referencing expected performance variability, the portfolio's downside volatility tolerance is derived from its volatility / TE target (1.0% p.a.). On that basis, rolling 3-month excess returns should be no worse than -0.5% most of the time, and rarely worse than -1.0%.
- 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 exposure stems from RV driven divergences in the portfolio's breakeven inflation exposure relative to the benchmark index.

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