

# Ardea Diversified Bond Fund

ARSN 622 519 117 APIR Code HOW8543AU

## Monthly Performance Report February 2025

Performance (% p.a.)	1 month	3 months	FYTD	1 year	2 years	3 years	5 years	Since Inception <sup>1</sup>
Portfolio (net) <sup>2</sup>	0.95	1.89	3.00	2.11	1.08	-0.57	-0.48	2.11
Bloomberg AusBond Composite Bond 0+ Year Index	0.93	1.63	3.90	4.18	3.84	0.32	-0.59	0.99
Active return (net) <sup>3</sup>	0.02	0.26	-0.90	-2.07	-2.77	-0.89	0.12	1.11

<sup>1</sup> Portfolio inception 13 February 2019.

<sup>2</sup> net returns include impact of ongoing management fees. No allowance is made for tax.

<sup>3</sup> Numbers may not add due to rounding.

Source: Fidante Partners Limited, 28 February 2025.

## Portfolio Value

Funds under management \$104.3m.

## Market Commentary

Please see the [Ardea website](#) for our latest thoughts on markets and investment themes.

## Portfolio Commentary

### Fund performance

The portfolio delivered a return of +0.02% relative to the benchmark index for the month. (after fees)

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

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 contributed positive performance. (+0.01% for the month)

Bond RV strategies contributed flat performance. (+0.00% for the month)

Option exposures contributed positive performance. (+0.05% for the month)

## 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.

## Understanding Performance

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

For these reasons, the Fund's performance is not ordinarily driven by a few key trades, nor can it be mapped to broader market fluctuations or macro themes. This lack of correlation with broader themes is why the Fund can offer compelling diversification benefits when combined with conventional investments. Please note that monthly performance attribution can be heavily influenced by short-term 'noise and ordinarily offers little genuine information value.

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