

Ardea's Real Outcome Fund receives 'Recommended' rating from Lonsec

PRESS RELEASE

Sydney, 15 November 2018 – Fixed income specialist Ardea Investment Management has received a first time 'Recommended' rating for its Real Outcome Fund from Lonsec, based on the deep experience of the investment team, its differentiated 'relative value' investment approach (which is not reliant on introducing credit or duration risk like many fixed income peers) and strong historic performance.

Ardea's Real Outcome Fund is a defensive fixed income fund that targets low volatility returns exceeding cash rates and inflation. The Fund prioritises capital preservation by investing in liquid and high quality government bonds, while excluding credit investments, which can prove volatile and illiquid in adverse market environments.

Unlike conventional fixed income funds, which can suffer from poor returns when interest rates are low or incur capital losses if rates rise, the Fund adopts Ardea's differentiated relative value investment process to access a broader range of fixed income return sources that seek to deliver reliable risk-adjusted returns, independent of the direction of interest rates or broader market fluctuations.

The Fund specifically targets low volatility returns by using risk management strategies aimed at removing unwanted market risk and are also designed to profit during periods of market stress.

An added benefit of the Fund is that it explicitly targets a return exceeding Australian inflation (measured by CPI), which should protect the long term purchasing power of investors' capital.

The Fund now has a 6-year track record, outperforming its target by delivering a return of 3.50% p.a. (net of fees) since inception*. Notably, performance has remained positive throughout this year's market volatility.

In its rating report, Lonsec noted "The Fund is differentiated by its highly risk aware relative value investment approach", and also notes the "diversity of knowledge and experience" of the investment team to execute the Fund's strategy, with the respective portfolio managers having an average of +20 years global fixed income experience.

Ardea principal and co-founder Ben Alexander said the quality of the investment team and their focus on "relative value trades with reliable risk-adjusted returns" has been key to the Fund's consistent performance.

"The relative value investment approach targets low volatility returns independent of whether rates go up or down, and independent of what equity and credit markets do. This makes the Fund a more reliable defensive fixed income anchor to diversify portfolio risk away from conventional equity, property and credit investments, which is especially valuable in current conditions where conventional return sources are facing more risk for less return," Mr Alexander said.

Investors are also using the Fund as an alternative income source as it provides daily liquidity and has consistently delivered higher returns than bank deposits, with less credit risk than yield seeking investments such as bank hybrids and credit securities, and less volatility than dividend paying stocks.

The Fund's Lonsec rating follows the reaffirmation of the 'Recommended' rating from Zenith Investment Partners in May 2018, and supports Ardea's efforts to make the Fund available to a broad wholesale and retail investor base.

-ENDS-



Investment
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About Ardea Investment Management

Founded in 2008, Ardea is one of Australia's largest fixed income investment managers, entrusted with managing over \$10bn on behalf clients, including Australia's most sophisticated institutional investors.

Ardea's unique 'relative value' investment approach delivers reliable risk-adjusted returns that are independent of market direction and exhibit low correlation to broader fixed income and equity markets.

The firm maintains majority ownership by employees to foster both long term alignment of interests with clients and stability of the investment team, which has longevity and diversity of experience across global fixed income markets.

* Unit trust performance after fees, as at 31 October 2018

The Lonsec Rating (assigned October 2018 - Ardea Real Outcome Fund) presented in this communication was published by Lonsec Research Pty Ltd ABN 11 151 658 561 AFSL 421445. The Rating is limited to "General Advice" (as defined in the Corporations Act 2001 (Cth)) and based solely on consideration of the investment merits of the financial product. Past performance information is for illustrative purposes only and is not indicative of future performance. It is not a recommendation to purchase, sell or hold Ardea Investment Management products, and you should seek independent financial advice before investing in these products. The Rating is subject to change without notice and Lonsec assumes no obligation to update the relevant documents following publication. Lonsec receives a fee from the Fund Manager for researching the products using comprehensive and objective criteria. For further information regarding Lonsec's Ratings methodology, please refer to our website at: <http://www.lonsecresearch.com.au/research-solutions/ourratings>