



## MGD Wealth Portfolio Solutions - Manager Spotlight October 2011 - Ardea

### About the manager

Ardea is a Sydney based boutique manager which was established in 2009 specialising in Inflation Linked Bonds (ILBs). Ardea currently manage in excess of \$1.2 billion.

### About the Fund

The Ardea Australian Inflation Linked Bond Fund (The Fund) invests in Commonwealth and State Government ILBs, as well as inflation and interest rate derivatives and cash.

### Why have we chosen Ardea?

We believe that Ardea's experienced team coupled with their flexible approach to managing an ILB Portfolio, should deliver good returns over the medium to long term.

Our view is that inflation in Australia will come in above what is currently forecast and that ILBs will provide an added level of protection for our Portfolios.

### Philosophy on investing

The broader philosophy is to achieve returns over the UBSA Government Inflation Index (the benchmark) over rolling three-year periods, by taking advantage of multiple arbitrage and diversified alpha sources, across both Inflation Linked and Nominal Bond markets.

### Investment process

The Fund is constructed initially by matching the investment risks inherent in the benchmark and by then overlaying multiple and diversified alpha strategies. The alpha strategies are based around two broad investment areas which include interest rates and arbitrage.

### Investment talent

#### Ben Alexander, Principal

Ben co-founded Ardea Investment Management and previously was Managing Director and Head of Fixed Interest at Credit Suisse Asset Management. Ben has been actively involved in the Australian inflation linked bond market since 1994. Prior to joining Credit Suisse in 1991, Ben was also the Chief Investment Officer at Woori-CS Asset Management in South Korea and the Chairman of the Currency Strategy

Committee in Australia.

#### Tamar Hamlyn, Principal

Tamar co-founded Ardea Investment Management and previously was Investment Manager, Fixed Income at Credit Suisse Asset Management, which he joined in 2007. At Credit Suisse, Tamar ran discretionary interest rate and macro strategies in Australia and global markets, and was also responsible for strategic views on the economy and on the Australian dollar and the major currencies. Prior to joining Credit Suisse, Tamar worked at the Reserve Bank of Australia from 1999 to 2007.

### What are inflation linked bonds?

Inflation Linked Bonds are Bonds that provide a Principal and Coupon that is linked to the rate of inflation.

For example (shown below), if inflation in the last quarter was 1%, the Principal (amount paid back to the bond holder) is increased by 1%, while the coupon payment also rises in line with inflation.

Beginning Period Principal = \$100  
Beginning Period Coupon ( 5%) = \$5  
After 1% Inflation  
Principal = \$101

To learn more about the Ardea Australian Linked Bond Fund visit: [www.ardea.com.au](http://www.ardea.com.au).