Managed Volatility

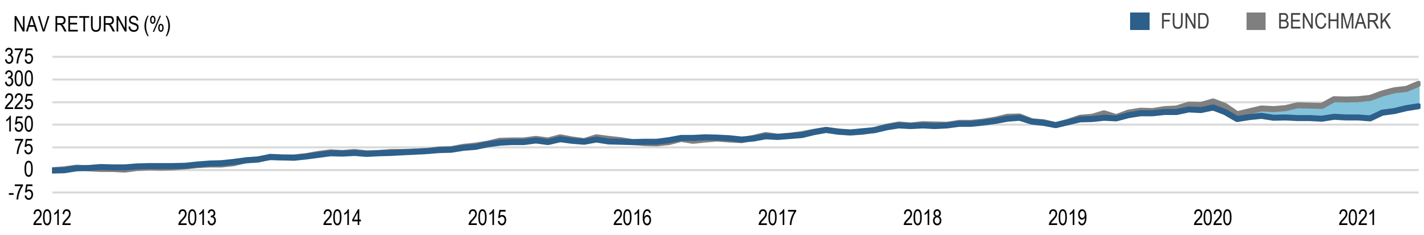
ACADIAN GLOBAL MANAGED VOLATILITY FUND - CLASS A

JUNE 2021

The Acadian Global Managed Volatility Fund - Class A seeks to provide returns similar to those of a global equity index, but with significantly lower absolute volatility and superior downside protection, over the longer term. Limiting absolute risk has the potential to allow investors to compound wealth more efficiently and steadily than traditional capitalisation weighted indices. The option aims to perform in line with the MSCI All Country World Index over rolling three-year periods before fees.

APIR Code	FSF1240AU
Inception Date	19 January 2012
Management Cost	0.62%
Buy / Sell spread	0.05/0.05%
Exit Unit Price	1.7147
Product Size	$385 million
Benchmark	MSCI All-Country World Index

CUMULATIVE PERFORMANCE



PERFORMANCE

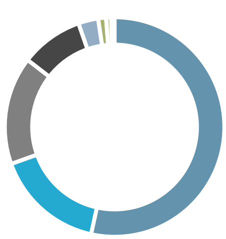
	FUND (NAV)	BENCHMARK	VALUE-ADDED VS.BENCHMARK
One Month Return	2.0	4.5	-2.5
Three Month Return	7.4	9.0	-1.6
Year-to-Date Return	13.5	15.4	-1.9
One Year Annualized Return	13.9	27.7	-13.8
Three Year Annualized Return	6.5	14.0	-7.5
Five Year Annualized Return	8.6	14.4	-5.8
SINCE INCEPTION ANNUALIZED RETURN	12.8	15.4	-2.6
SINCE INCEPTION SHARPE RATIO	1.3	1.3	
SINCE INCEPTION BETA	0.7	1.0	

TOP TEN HOLDINGS

	% OF PORTFOLIO
ALPHABET INC	1.7
MICROSOFT CORP	1.7
KESKO OYJ	1.3
ORACLE CORP	1.3
KT CORP	1.3
CISCO SYSTEMS INC CALIFORNIA	1.2
FACEBOOK INC	1.2
PROCTER & GAMBLE CO	1.2
ROCHE HOLDING AG	1.2
NIPPON TELEGRAPH & TELEPHONE CORP	1.2
NUMBER OF SECURITIES	398
% OF PORTFOLIO FOR TOP 10 CURRENT HOLDINGS	13.3
% OF NON-BENCHMARK PORTFOLIO HOLDINGS	27.9

CURRENT POSITIONING - REGION

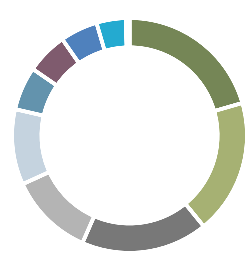
ABSOLUTE



NAM	53.0%
EM	16.0%
EUR	15.8%
JP	9.1%
AU/NZ	2.9%
UK	1.2%
HK/SG	0.8%
ME	0.5%

CURRENT POSITIONING - SECTOR

ABSOLUTE



HTH	20.4%
STP	18.4%
COM	17.3%
TCH	11.5%
MAT	10.3%
FIN	5.9%
DIS	5.7%
IND	5.1%
UTL	4.0%
REI	0.5%
ENR	0.0%

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Returns that include the most recent month are preliminary. All returns are calculated on an annualised basis using exit price to exit price with distributions reinvested, net of management costs, transaction costs. All return calculations exclude any individual taxes payable by the investor and all other fees and rebates disclosed in the relevant product disclosure statements available on our website or by calling us. The 'distribution' component is the amount paid by the way of distribution, which may include net realised capital gains. Portfolio holdings are subject to change and should not be considered a recommendation to buy or sell individual securities. Reference to the benchmark is for comparative purposes only and is not intended to indicate that the Fund will contain the same investments as the benchmark. Investors have the opportunity for losses as well as profits. Past performance is no guarantee of future results. Past performance may differ significantly from future performance due to market volatility.

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QUARTERLY REVIEW

Market Review

In the second quarter, global equities rose 7.6%[1] with most markets buoyed by the rapid economic recovery in the U.S. However, pent-up consumer demand continued to disrupt supply chains and stoke inflation worries as the quick rebound in some economies and aggressive stimulus spending plans exerted upward pressure on prices. Notable increases included oil prices, which struck milestone highs, alongside similar increases in tin, copper, corn, and lumber. Supply chain constraints further intensified price hikes as manufacturers rushed to restock depleted inventories amid pent-up demand, creating windows of scarcity and heightening costs.

Even as the economic recovery was well underway across most of the globe, activity in higher-income economies continued to outpace that of lower-income countries. Emerging markets were hit with a double punch of rising inflation and a strengthening dollar. To offset depreciation in their own currencies and to control inflation, many central banks hiked interest rates. With high COVID-19 case counts and incomplete economic recoveries, these countries risk stifling their economic rebound. Emerging oil-producing countries were better positioned to handle rising inflation as prices continued to rise. Finally, while successful vaccine rollouts in many parts of the world (notably the U.S. and U.K.) renewed hopes of a sustained reopening of economies, the emergence of the Delta variant forced many countries to pause reopening plans. Further uncertainty arose when the Fed telegraphed that it may gradually dial back its pandemic-era stimulus sooner than markets anticipated.

Fund Performance and Activity

PORTFOLIO PERFORMANCE IN AUSTRALIAN DOLLARS	SECOND QUARTER
Portfolio (gross of fees)	7.5
Benchmark	9.0

For the second quarter, the portfolio saw 1.4% of negative return relative to the cap-weighted benchmark[2]. A combination of stock selection and an underweight position in information technology detracted 109 basis points, owing primarily to a lack of exposure to Nvidia Corp. A combination of stock selection and an overweight position in consumer staples detracted 82 basis points, led by a position in The Clorox Co. Offsetting these results to a degree was 41 basis points of positive return from a combination of stock selection and an underweight position in Industrials, driven by a position in AP Moller – Maersk.*

Approximately 49.5% of the portfolio was held in the lowest beta stocks, compared to roughly 15.2% for the index. The effect of the portfolio's exposure to the lowest beta quintile was negative, detracting 122 basis points.

Key Holdings[3]

Positive

- Our holding in Shanxi Taigang Stainless Steel Co., the largest stainless steel production base in China was rewarded with 38 basis points of active return as share prices skyrocketed 64% over the quarter. Shanxi Taigang Stainless Steel Co. benefited from rallying steel prices as the world emerges from its pandemic-induced slowdown. Steel prices have hit unprecedented highs due to the sharp increase in iron ore prices as well as the extraordinary growth in steel demand from China, India, USA, Europe and other emerging markets.

Negative

- Our lack of exposure to Nvidia Corp, cost the portfolio 23 basis points of active return as share prices surged on news that the artificial intelligence computing company earned record revenue from its Gaming, Data Center and Professional Visualization platforms for the first quarter ended May 2, 2021.

Outlook and Strategy

The global economic outlook has continued to improve. If the recovery and global vaccination campaign continue on its positive trajectory, the pandemic will cease to be a major driver of the global landscape. Underpinning the brightening outlook is the accelerated pace of vaccinations alongside sustained fiscal and monetary support in most major economies. In May, the OECD raised 2021 real GDP growth projections to 5.8%, up 0.2% from its March forecast, as much of the world economy settled back into pre-pandemic activity levels. The global economy has quickly transitioned into a mid-cycle phase where future gains in output will be hard-won. In recognition of the cycle maturing more quickly than anticipated, central banks are expected to dial down their ultra-dovish policies. While the economic revival is expected to strengthen over the coming months, there are likely to be considerable differences in near-term developments, particularly as the speed and durability of the recovery diverge across economies. Even with the economic recovery underway across many parts of the globe, activity in higher-income economies has continued to vastly outpace those of lower-income countries.

Risks to the outlook remain, including a possible resurgence in COVID-19 cases, particularly with the emergence of the new, highly contagious Delta variant. Despite significant progress, the slow pace of vaccinations in many emerging market countries represents a hurdle to reaching a global tipping point in protection against the virus. At the onset of Q3, approximately three billion doses of coronavirus vaccines had been administered around the world, shy of the five billion doses needed to immunize a critical mass. Left unchecked, the virus could mutate into more virulent strains that the current arsenal of vaccines cannot protect against. Another downside risk is the disorderly rise in interest rates which could reignite risk aversion and become a material headwind to equity markets. Price pressures continue to build as pent-up demand abuts a backdrop of acute shortages, unrelenting supply-chain constraints, and a bull run for commodity prices, most notably petroleum, copper, and base metals. Miscalculations in policy support, including the premature withdrawal of stimulus, could derail the recovery. Appropriate and well-calibrated aid remains imperative to sustaining economic momentum. Additionally, the pandemic catalyzed the widespread use of corporate and sovereign debt, creating debt sustainability concerns. Emerging markets are particularly vulnerable to the perils of failing to service their debt, especially if the recovery is slower than expected and the dollar remains resilient.

*This should not be considered a recommendation to buy or sell any specific security. [1]Returns in locally stated terms. [2]MSCI All Country World (net) 2013-01-15 To Present, MSCI World (net) 2012-01-18 To 2013-01-15. [3]Top contributing/detracting individual positions over the period as measured by basis point impact. This should not be considered a recommendation to buy or sell any specific security. Colonial First State Investments Limited is the responsible entity for this fund, ABN 98 002 348 352 AFS Licence 232468. Please refer to the latest Product Disclosure Statement available on the following website http://www.colonialfirststate.com.au for the terms and conditions of investing into the fund. The information provided has been prepared by Acadian from our internal records. It is not intended to replace the official records of your account that you receive directly from the custodian. You are encouraged to compare the information provided to you by Acadian to that provided by the custodian and to contact us with any questions. The specific countries, sectors, and individual stocks discussed herein are non-exclusive and are provided as representative of the portfolio's performance during the period. For a complete list of markets, sectors, and stocks in which the portfolio was invested during the period and the performance of each, please contact Acadian. Please note that Acadian's system of portfolio attribution uses certain estimates and assumptions and the calculations provided herein are based upon Acadian's internal records and not those maintained by the Custodian. Additional details about our method of calculation will be furnished upon request. Reference to the benchmark is for comparative purposes only and is not intended to indicate that the portfolio will or did contain the same investments as the benchmark. This review contains confidential information of Acadian Asset Management LLC. Market conditions are subject to change. Past performance is no guarantee of future returns.

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Please contact Mark Mukundan, VP, Product and Wholesale Markets – 0411 615 685 or contact Acadian on (02) 9093 1000 or email us at australiaclientservice@acadian-asset.com.au

If you are a Personal Investor or Retail Client:

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