ACADIAN | Managed Volatility

Responsible Investment Leader 2023

ACADIAN WHOLESALE GEARED AUSTRALIAN EQUITY

SEPTEMBER 2023

The Acadian Wholesale Geared Australian Equity seeks to maximise long-term returns by borrowing to invest, predominantly in a selection of Australian companies within the S&P/ASX 300 Accumulation Index, while carefully controlling portfolio risk and transaction costs.

APIR Code	FSF0453AU
Inception Date	14 May 2018
Management Cost	0.96% / 2.07%
Buy / Sell spread	0.15/0,40%
Exit Unit Price	0.8038
Product Size	$297 million
Benchmark	S&P / ASX 300 Accumulation Index

PERFORMANCE

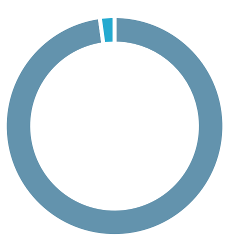
	FUND (NAV)	BENCHMARK	VALUE-ADDED VS.BENCHMARK
One Month Return	-5.8	-2.9	-2.9
Three Month Return	-4.7	-0.8	-3.9
Year-to-Date Return	1.1	3.5	-2.4
One Year Annualized Return	15.8	12.9	2.9
Three Year Annualized Return	13.1	10.8	2.3
Five Year Annualized Return	3.9	6.6	-2.7
SINCE INCEPTION ANNUALIZED RETURN	3.4	6.7	-3.3
SINCE INCEPTION SHARPE RATIO	0.1	0.4	
SINCE INCEPTION BETA	1.8	1.0	

TOP TEN HOLDINGS

	% OF PORTFOLIO
BHP GROUP LTD	7.3
COMMONWEALTH BANK OF AUSTRALIA	4.4
BRAMBLES LTD	3.5
AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED	3.3
QBE INSURANCE GROUP LTD	3.3
COCHLEAR LTD	3.2
MEDIBANK PVT LTD	3.1
ARISTOCRAT LEISURE LTD	3.0
COMPUTERSHARE LTD	3.0
WOOLWORTHS GROUP LTD	3.0
NUMBER OF SECURITIES	85
% OF PORTFOLIO FOR TOP 10 CURRENT HOLDINGS	37.2
% OF NON-BENCHMARK PORTFOLIO HOLDINGS	0.7

CURRENT POSITIONING - REGION

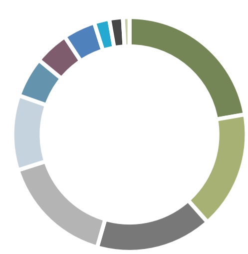
ABSOLUTE



AU/NZ	96.1%
NAM	2.1%

CURRENT POSITIONING - SECTOR

ABSOLUTE



MAT	21.9%
STP	15.9%
FIN	15.8%
IND	15.3%
HTH	10.1%
COM	5.4%
ENR	4.6%
DIS	4.4%
TCH	2.1%
UTL	1.8%
REI	0.9%

ACADIAN | Managed Volatility

ACADIAN WHOLESALE GEARED AUSTRALIAN EQUITY

QUARTERLY REVIEW

Fund Performance and Activity

The Portfolio returned -4.69%, 15.79%, 3.91%, and 3.39% net of fees for the quarterly, 1-year, 5-year and Since Inception periods, versus returns of -0.84%, 12.92%, 6.61% and 6.74% for the S&P/ASX 300 Accumulation Index. The underlying portfolio underperformed the benchmark[1] by 0.32% for the quarter, therefore the impact of gearing was the main contributor to underperformance. Stock selection contributed to returns, while sector allocations were negative.

Key sources of negative active returns included a combination of stock selection and an underweight position in energy, an underweight position in financials, and stock selection in communication services. Leading declines within these sectors respectively included a position in Woodside Energy Group, a holding in National Australia Bank, and a lack of exposure to carsales.com. Contributors included a combination of stock selection and an underweight position in materials, stock selection in industrials, and a combination of stock selection and an underweight position in information technology. Leading advances within these sectors in turn included a position in Incitec Pivot, a holding in Computershare, and a lack of exposure to WiseTech Global.*

Approximately 57% of the portfolio was held in the lowest beta stocks, compared to roughly 27% for the index. The effect of the portfolio's exposure to the lowest beta quintile was positive, contributing 2 bps. Meanwhile, approximately 59% of the portfolio was held in the lowest volatility stocks, compared to roughly 52% for the index. The effect of the portfolio's exposure to the lowest volatility quintile was negative, detracting 25 bps.

Key Holdings[2]

Positive

Our overweight to Cochlear Ltd, a provider of implantable hearing solutions for children and adults, was rewarded with 30 basis points of active return as share prices gained 11.4% over the quarter. The company has been benefiting from increased sales of its cochlear implant units across both the developed and the emerging markets on the back of improved clinical capacity and a rise in COVID catch-up surgeries. It now expects its FY24 underlying net profit to increase by 16-23% from FY23.

Negative

Our overweight to Sonic Healthcare Ltd, a provider of medical diagnostic services, cost the portfolio 37 basis points of active return as share prices slumped 15.7% in the period. As the COVID pandemic fades, a dramatic reduction in COVID-19 related revenues have been weighing on the company's earnings and margins.

Market Review

Australian equities (S&P/ASX 300 Accumulation Index) declined 0.8% in Q3 2023 due to weakened economic data from China and Europe, hawkish rhetoric from central banks and a notable surge in bond yields. The Reserve Bank of Australia (RBA) did not hike the rate even once during the quarter, leaving it at a record high of 4.10% by quarter-end, to gauge the impact of previous rate hikes on the economy. While annual inflation passed its peak, it remained above the RBA's target, and the board remains committed to bringing it back to the 2-3% range. The central bank believes that future hikes will depend on how the inflation outlook changes. It also expects CPI inflation to continue declining and be back within its target range in late 2025. Notably, services inflation remains elevated, with both fuel and rent prices ticking higher at a clipping pace. Goods price inflation eased and is expected to cool further over the next few months on soft global and domestic demand. Australia's manufacturing-sector woes continued in the third quarter, with the manufacturing PMI declining to 48.7 by end-Q3 due to a sharp fall in new orders. Australian consumer sentiment soured during the quarter and remained close to its worst level since the pandemic due to falling household savings and expectations of further central-bank tightening. On the labour-market front, data released in August showed that the number employed fell by 2,600, with a decline in those looking for part-time jobs while those seeking full-time opportunities increased by the end of the reporting period. However, the unemployment rate remained stable at 3.7%.

From a sector perspective, energy (+11.63%) was the largest contributor and consumer discretionary (+5.55%) the second largest. Healthcare stocks (-8.96%) fell the most during the period.

Outlook and Strategy

Globally, most economies continued to grow despite a range of headwinds, including high rates and persistent inflation. This growth has not been equally distributed, however, with Germany in a modest recession, and China struggling to regain its former footing. Inflation continued to soften in many major economies but remained well above central banks' targets. In the U.K., the decline has been particularly sharp, with inflation falling to 6.2% in August from 6.9% the month before. In the euro area, inflation ticked lower in August, falling to 5.2% from 5.3% in July. In the U.S., however, surging gas prices lifted inflation to 3.7% in August, up from 3.2% the month before. As a group, emerging markets started raising interest rates sooner and thus have more room to cut rates to stimulate growth. Europe's declines in inflation coincide with an apparent end of rate hikes. The European Central Bank raised rates in September to 4%, the highest level in the ECB's quarter-century of existence but indicated that may be enough. For its part, the Bank of England held rates steady at its latest meeting – the first such outcome after two years of increases. The Federal Reserve kept rates unchanged at its September meeting but currently projects one further rate hikes this year. Whether interest rates have already reached their peak or still have further to go, they are expected to fall from their current, "restrictive" level at a pace much slower than that at which they rose. Oil prices rose steadily through the quarter as OPEC supply cuts began to bite. West Texas Intermediate crude stood below $70 at the beginning of July; it now trades in the $90 range. Meanwhile, the Reserve Bank of Australia (RBA) expects the growth of the Australian economy to remain below trend in the quarters ahead. On the other hand, high inflation is likely to continue weighing on real incomes and household savings. The central bank also expects unemployment rate to increase to 4.5% late next year. The RBA has maintained its stance that it will tackle rising price in the country through a tight monetary policy while stimulating economic activity through careful investments.

---

[1]S&P/ASX 300 Accumulation Index - Total 05/11/2018 To Present. [2]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 ("CFS") is the responsible entity for this fund, ABN 98 002 348 352, AFS Licence 232468. You can find the target market determinations (TMD) for this fund at www.cfs.com.au/tmd, which include a description of who a financial product might suit. You should also read the relevant Product Disclosure Statement (PDS) and Financial Services Guide (FSG) carefully, assess whether the information is appropriate for you, and consider talking to a financial adviser before making an investment decision. You can get the PDS and FSG at www.cfs.com.au or by calling CFS on 13 13 36. 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. Attribution data is gross of fees.

WANT MORE INFORMATION?

If you are a Financial Adviser or Wholesale Client:

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

If you are a Personal Investor or Retail Client:

Speak with your Financial Adviser about the suitability of our products, in light of your investment needs, objectives and financial situation. Please read the product disclosure statement (PDS) and Target Market Determination (TMD) document for the Fund issued by Colonial First State Investments Limited (ABN 98 002 348 352, AFSL 232468) before making an investment decision. You can download the PDS and TMD from https://www3.colonialfirststate.com.au/personal/resources/pds.html or contact Colonial on 13 18 36 (8am to 7pm Sydney time)

This material has been prepared by and is issued by Acadian Asset Management LLC and Acadian Asset Management (Australia) Limited, collective referred to in this material as Acadian. This material is directed at persons who are professional, sophisticated or wholesale clients and has not been prepared for and is not intended for persons who are retail clients and must not be reproduced or transmitted in any form without the prior written consent of Acadian. This material contains general information only. It is not intended to provide you with financial product advice and does not take into account your objectives, financial situation or needs.

Before making an investment decision, you should consider whether this information is appropriate in light of your investment needs, objectives and financial situation. Total returns shown for the Fund or any Portfolio have been calculated using exit prices after taking into account all ongoing fees and assuming reinvestment of distributions. Past performance is no indication of future performance. The product disclosure statement (PDS) for the Acadian Defensive Income Fund - Class A, FSF0973AU (Fund) issued by Colonial First State Investments Limited (ABN 98 002 348 352, AFSL 232468) (CFSIL) should be considered before making an investment decision. CFSIL is a subsidiary of the Commonwealth Bank of Australia (Bank). The Bank and subsidiaries thereof do not guarantee the performance of the Fund or the repayment of capital by the Fund. Investments in the Fund are not deposits or other liabilities of the Bank or its subsidiaries, and investment-type products are subject to investment risk including loss of income and capital invested. To the extent permitted by law, no liability is accepted by the Bank or any affiliates thereof for any loss or damage as a result of any reliance on this information. This information is, or is based upon, information that we believe to be accurate and reliable, however neither Acadian, the Bank nor any affiliates thereof offer any warranty that it contains no factual errors. In Australia 'Colonial', 'Colonial First State' and 'CFS' are trade marks of Colonial Holding Company Limited and 'Colonial First State Investments' is a trade mark of the Bank and all of these trade marks are used by Acadian under license.

GENERAL LEGAL DISCLAIMER

These materials provided herein may contain material, non-public information within the meaning of the United States Federal Securities Laws with respect to Acadian Asset Management LLC, BrightSphere Investment Group Inc. and/or their respective subsidiaries and affiliated entities. The recipient of these materials agrees that it will not use any confidential information that may be contained herein to execute or recommend transactions in securities. The recipient further acknowledges that it is aware that United States Federal and State securities laws prohibit any person or entity who has material, non-public information about a publicly-traded company from purchasing or selling securities of such company, or from communicating such information to any other person or entity under circumstances in which it is reasonably foreseeable that such person or entity is likely to sell or purchase such securities.

Acadian provides this material as a general overview of the firm, our processes and our investment capabilities. It has been provided for informational purposes only. It does not constitute or form part of any offer to issue or sell, or any solicitation of any offer to subscribe or to purchase, shares, units or other interests in investments that may be referred to herein and must not be construed as investment or financial product advice. Acadian has not considered any reader's financial situation, objective or needs in providing the relevant information.

The value of investments may fall as well as rise and you may not get back your original investment. Past performance is not necessarily a guide to future performance or returns. Acadian has taken all reasonable care to ensure that the information contained in this material is accurate at the time of its distribution, no representation or warranty, express or implied, is made as to the accuracy, reliability or completeness of such information.

This material contains privileged and confidential information and is intended only for the recipient/s. Any distribution, reproduction or other use of this presentation by recipients is strictly prohibited. If you are not the intended recipient and this presentation has been sent or passed on to you in error, please contact us immediately. Confidentiality and privilege are not lost by this presentation having been sent or passed on to you in error.

Acadian's quantitative investment process is supported by extensive proprietary computer code. Acadian's researchers, software developers, and IT teams follow a structured design, development, testing, change control, and review processes during the development of its systems and the implementation within our investment process.

These controls and their effectiveness are subject to regular internal reviews, at least annual independent review by our SOC1 auditor. However, despite these extensive controls it is possible that errors may occur in coding and within the investment process, as is the case with any complex software or data-driven model, and no guarantee or warranty can be provided that any quantitative investment model is completely free of errors. Any such errors could have a negative impact on investment results. We have in place control systems and processes which are intended to identify in a timely manner any such errors which would have a material impact on the investment process.

Acadian Asset Management LLC has wholly owned affiliates located in London, Singapore, and Sydney. Pursuant to the terms of service level agreements with each affiliate, employees of Acadian Asset Management LLC may provide certain services on behalf of each affiliate and employees of each affiliate may provide certain administrative services, including marketing and client service, on behalf of Acadian Asset Management LLC.

Acadian Asset Management LLC is registered as an investment adviser with the U.S. Securities and Exchange Commission. Registration of an investment adviser does not imply any level of skill or training.

Acadian Asset Management (Singapore) Pte Ltd, (Registration Number: 199902125D) is licensed by the Monetary Authority of Singapore. It is also registered as an investment adviser with the U.S. Securities and Exchange Commission.

Acadian Asset Management (Australia) Limited (ABN 41 114 200 127) is the holder of Australian financial services license number 291872 ("AFSL"). It is also registered as an investment adviser with the U.S. Securities and Exchange Commission. Under the terms of its AFSL, Acadian Asset Management (Australia) Limited is limited to providing the financial services under its license to wholesale clients only. This marketing material is not to be provided to retail clients.

Acadian Asset Management (UK) Limited is authorized and regulated by the Financial Conduct Authority ('the FCA') and is a limited liability company incorporated in England and Wales with company number 05644066. Acadian Asset Management (UK) Limited will only make this material available to Professional Clients and Eligible Counterparties as defined by the FCA under the Markets in Financial Instruments Directive, or to Qualified Investors in Switzerland as defined in the Collective Investment Schemes Act, as applicable.