



# AUSTRALIAN EQUITY MARKET NEUTRAL

OCTOBER 2020

The Acadian Australian Equity Market Neutral strategy seeks to exploit the fundamental mispricing of stocks within the Australian equities market and aims to provide positive returns with minimal market beta through risk-controlled long and short stock positions.

## ASSETS UNDER MANAGEMENT

As of October 31

Strategy: \$AUD

**106.6 MILLION**

## PARAMETERS *Typical Portfolio*

Targeted Annualized Volatility	Targeted Beta
<b>4 - 5%</b>	<b>0</b>
Number of Holdings	Max Position Size
<b>250 - 300</b>	<b>150 BPS</b>

## LEVERAGE *Typical Portfolio*

Gross Exposure  
**160 - 200%**

## COMPOSITE CUMULATIVE PERFORMANCE\*



## COMPOSITE MONTHLY NET RETURNS\*

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR
2020	0.6%	0.0%	-3.5%	1.1%	-0.4%	1.3%	1.0%	-0.4%	-0.5%	0.1%			-1.0%
2019	0.6%	-1.0%	1.8%	-0.3%	1.1%	2.0%	1.0%	0.4%	-1.2%	-0.4%	-0.2%	-0.7%	3.2%
2018	1.5%	1.9%	-0.1%	-0.2%	-1.1%	-0.3%	-2.2%	0.3%	0.1%	-1.5%	-0.2%	0.6%	-1.0%
2017	0.9%	0.5%	-1.2%	-0.2%	-0.1%	0.8%	0.2%	0.6%	0.7%	-0.0%	-1.6%	0.7%	1.1%
2016	1.0%	-2.6%	-1.3%	-1.4%	-0.4%	-0.8%	-0.5%	0.1%	2.2%	1.0%	0.0%	-0.9%	-3.6%

## COMPOSITE PERFORMANCE\*

Performance Inception Sep 1, 2014	COMPOSITE (GROSS)	COMPOSITE (NET)	FRANKING CREDITS***	RBA CASH RATE	VALUE-ADDED (GROSS) VS. BENCHMARK	VALUE-ADDED (GROSS) + RANKING CREDITS VS. BENCHMARK***
One Month Return	0.1	0.1	0.0	0.0	0.1	0.2
Three Month Return	-0.7	-0.9	0.3	0.1	-0.8	-0.4
Year-to-Date Return	-0.3	-1.0	0.8	0.3	-0.6	0.2
One Year Annualized Return	-1.3	-1.8	0.9	0.4	-1.7	-0.8
Three Year Annualized Return	0.9	0.1	1.1	1.1	-0.2	0.9
SINCE-INCEPTION ANNUALIZED RETURN	3.3	2.0	1.1	1.5	1.8	3.0
SINCE-INCEPTION ANNUALIZED STANDARD DEVIATION AND ACTIVE RISK	4.4	3.9	0.3	0.2	4.2	
SINCE-INCEPTION SHARPE RATIO	0.4	0.1				

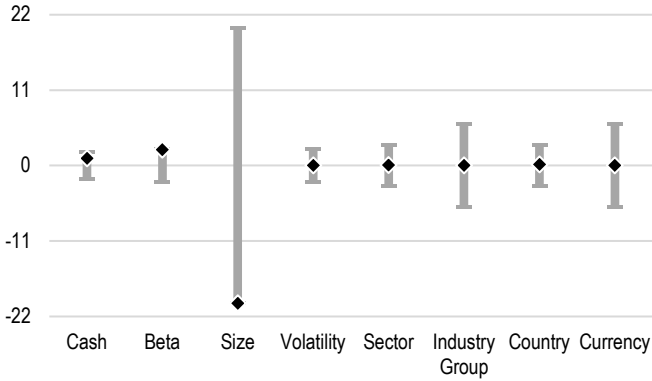
## PERFORMANCE MEASURES\* \*\*

Daily Hit Rate	50.9%
Average One-Day Return	2.6 bps
Average Up-Day Return	37.1 bps
Average Down-Day Return	-35.7 bps
Max Drawdown (Daily Returns)	-24.8%
Average Monthly Return When Market is Up (Net)	0.13%
Average Monthly Return When Market is Down (Net)	0.25%

\*Returns that include the most recent month are preliminary. \*\*The Net Asset Value for this product is calculated on a monthly basis. In the absence of daily net of fee returns, Acadian presents daily statistics gross of fees of a representative portfolio with the goal of providing increased transparency into the daily risk profile of our investment process. Up and down markets are defined by the performance of the S&P/ASX 300 Index. \*\*\*Where decisions around franking credits are made, they are made assuming a 0% tax investor. Franking Credit data presented here is for a representative portfolio and is supplemental to the composite performance disclosure page attached. Acadian Asset Management has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®). Reference to the benchmark is for comparative purposes only and is not intended to indicate that the composite 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. The complete performance disclosure can be found in the composite performance disclosure page attached. Index Source: RBA Cash Rate

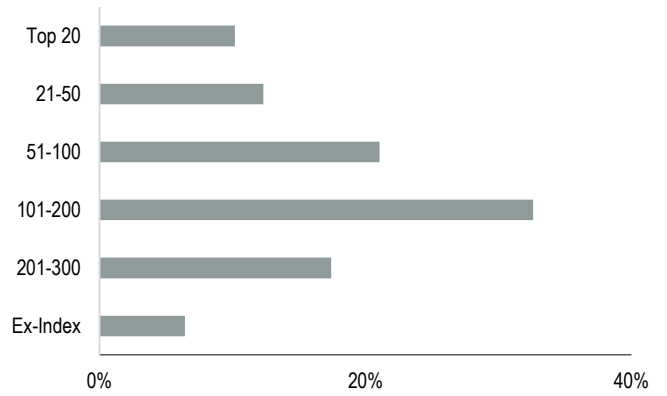
PARAMETERS\* \*\*

CONSTRAINTS & EXPOSURES (%) Exposure Limit ◆ Current Exposure



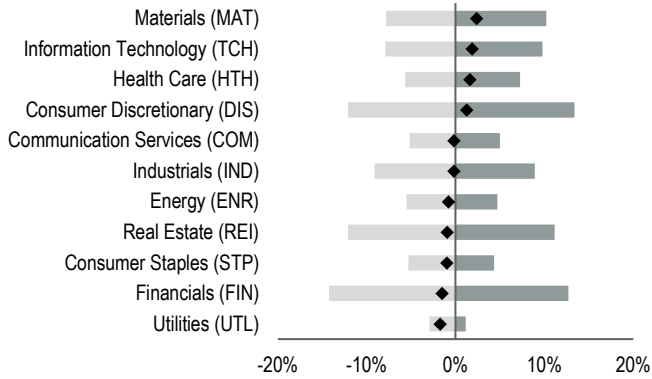
CURRENT POSITIONING\*\*

SIZE BREAKDOWN

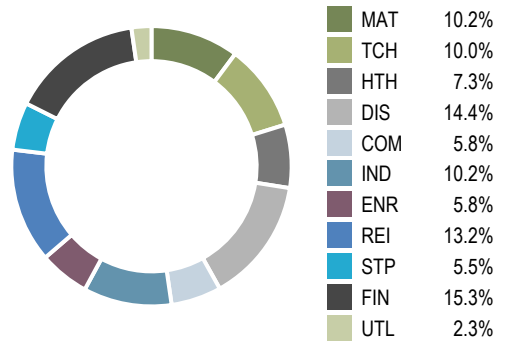


CURRENT POSITIONING – SECTOR\*\* \*\*\*

NET Long Portfolio Short Portfolio ◆ Net



% OF GROSS EXPOSURE

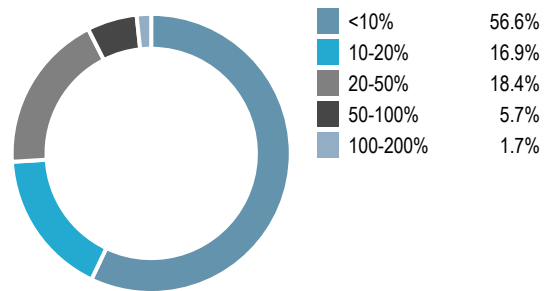


LIQUIDITY\*\*

Liquidity, min (market cap)	\$100M
Trading, max	20% ADV
Trading, Average	4.82% ADV
Long Holding, max	300% ADV
Short Holding, max	200% ADV
Average Volume held	19.87%ADV

PROFILE\*\*

% OF ADV HELD



\*The volatility exposure is to Acadian's volatility score, which is based on a stock's trailing 60-day realized volatility. The volatility score has a close-to-normal distribution. A 1% exposure to the volatility score amounts to the longs having 0.2% more annualized volatility than the shorts. The strategy does not have a meaningful volatility tilt. \*\*The data presented here is representative of the portfolio's holdings in the Acadian Australian Equity Market Neutral Fund and is supplemental to the composite performance disclosure page attached. \*\*\* Current Positioning displayed as daily asset-weighted average values over the monthly period. Investors have the opportunity for losses as well as profits. Past performance is no guarantee of future returns. The actual taxation benefit will vary depending on the investor's tax status.

## ANNUAL PERFORMANCE DISCLOSURE – AUSTRALIAN MARKET NEUTRAL EQUITY

	Composite Return (%)		Composite Return (%) Net-Net-of-Fees	Benchmark Return (%)	Dispersion of Returns Within Composite (%)	Three-Year ex-Post Standard Deviation of Absolute Returns		Number of Portfolios in Composite	Assets In Composite (\$MMs)	Total Firm Assets Under Management (\$MMs)
	Gross-of-Fees	Net-of-Fees				Composite	Benchmark			
2007*	23.0	22.0	18.7	5.5	n/a	n/a	1	114	95,279	
2008	-7.7	-8.6	-8.6	6.9	n/a	n/a	1	56	61,028	
Jan 2009 – Apr 2009 <sup>a</sup>	-2.6	-3.0	-3.0	1.1	n/a	n/a	-	-	-	
2014**	4.7	4.4	3.7	0.8	n/a	n/a	1	71	85,952	
2015	13.8	13.0	10.8	2.1	n/a	n/a	1	119	91,862	
2016	-2.9	-3.6	-3.6	1.7	n/a	n/a	1	109	102,435	
2017	1.9	1.1	1.1	1.5	n/a	4.3	1	138	123,716	
2018	-0.3	-1.0	-1.0	1.5	n/a	4.0	1	98	121,219	
2019	4.5	3.7	3.2	1.2	n/a	4.0	1	113	144,010	

\*Performance Inception: March 1, 2007. This composite was created on: July 1, 2016. All figures stated in AUD.

†For the period from May 1, 2009, through August 31, 2014, no portfolios were managed that qualified for inclusion in the composite. \*\*Performance Inception: September 1, 2014.

Acadian Asset Management claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Acadian Asset Management has been independently verified for the periods January 1, 1994 through December 31, 2019<sup>1</sup>. A copy of the verification report is available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation. Reference to the benchmark is for comparative purposes only and is not intended to indicate that the composite 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. Acadian Asset Management is an investment adviser specializing in global equity management. Acadian Asset Management is defined to include assets managed by Acadian Asset Management LLC, an investment adviser registered with and regulated by the United States Securities and Exchange Commission, as well as assets managed by its four wholly-owned affiliates, Acadian Asset Management (Australia) Limited (ABN 41 114 200 127), Acadian Asset Management (Japan), registered with the Kanto Local Financial Bureau, Acadian Asset Management Singapore Pte Ltd, (Registration Number: 199902125D) is licensed by the Monetary Authority of Singapore, and Acadian Asset Management (UK) Limited, authorized and regulated by the Financial Conduct Authority of the United Kingdom. On June 30, 2015, Acadian acquired the assets of Acadian's Australian office.

**Methodology:** Returns are net of estimated foreign withholding taxes on dividends, interest, and capital gains. Since January 1, 2010 Acadian's methodology was augmented to produce a more accurate gross return figure by eliminating modest cash flows such as securities lending income and custodial fees which are regarded as independent of the investment management process; the reinvestment of all income and trading expenses continue to be included. Gross returns are reduced by investment advisory fees and other expenses. Monthly composite results are asset-weighted by beginning-of-month asset values of member portfolios which are geometrically linked to arrive at the annual composite return. Net-of-fee performance is accrued on a monthly basis and is calculated using the highest management fee listed in the standard fee schedule for accounts shown below. For applicable composites, Net-net-of-fee performance is shown and includes incentive fees which are also accrued on a monthly basis. The standard fee schedule for accounts managed with this product is 0.75% on assets managed and 20% of annual relative performance. When applicable, fund administrator NAVs are used for constituent net-of-fees returns within this composite. In these instances, gross-of-fee returns are calculated based off of actual management costs charged, which may differ from the standard composite fee. Management fees may vary according to the range of services provided, investment performance, and the amount of assets under management. Constituent portfolios are included from the first full month after inception to the present or the last full month prior to cessation of the client relationship with the firm. For example, an account that opened January 15, 2019 will be included beginning February 1, 2019. An account that terminated February 12, 2019 will be included through January 31, 2019. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

**Dispersion:** Acadian's broad definitions are mainly the product of a highly customized process that may result in modest differences with regards to portfolio characteristics among constituents. All accounts managed with directly comparable investment objectives are included, though it's possible for members to utilize slightly different benchmarks in optimization and reporting. Although at times dispersion among constituents may be high, the long-term forecast for each portfolio is consistent with the overall composite. The 'Dispersion' statistic presented above is an annual, asset-weighted standard deviation calculation performed only on those portfolios who have been members for the entire calendar year. Thirty-six months are required to calculate the 'Three Year ex-Post Standard Deviation' statistic. These figures are not shown if the requirements necessary to perform the calculations are unavailable.

**Composite Description:** This composite invests in long and short equity positions in Australian markets. The strategy seeks to exploit mispricings in the market to capture alpha while targeting a net beta neutral exposure by maintaining equal and risk-controlled values for the long and short components. A complete list of the firm's composites and their descriptions is available upon request.

**Benchmark Description:** The benchmark for the composite is the Reserve Bank of Australia (RBA) Target Cash Rate.

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<sup>1</sup>Ashland Partners verified Acadian's GIPS Compliance claim through March 31, 2017. ACA Compliance Group acquired Ashland's GIPS Verification unit and provided subsequent verifications.

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Reference to the benchmark is for comparative purposes only and is not intended to indicate that the portfolio will contain the same investments as the benchmark.



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