

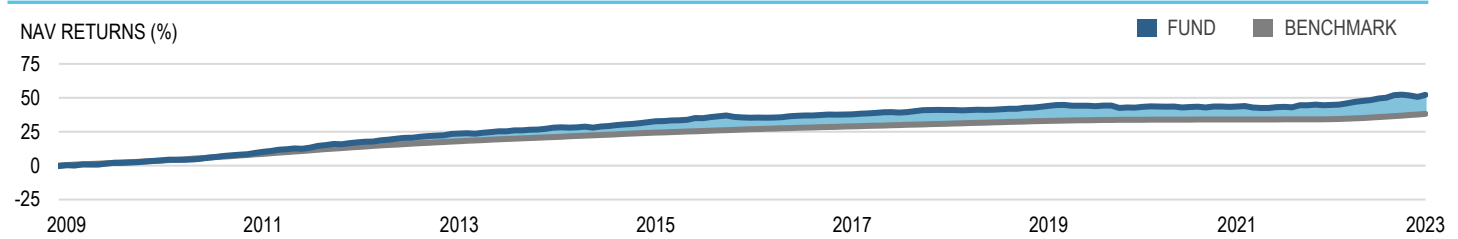
## ACADIAN DEFENSIVE INCOME FUND - CLASS A

JUNE 2023

Acadian Defensive Income Fund - Class A seeks to provide investment returns in excess of the Reserve Bank of Australia (RBA) cash rate over rolling three-year periods before fees and taxes, with a relatively low degree of volatility. This will be achieved by combining cash and fixed interest investments with long and short equity holdings chosen using Acadian Australia's equity investment process. Sophisticated portfolio construction techniques will be used to implement this in a way that limits equity market exposure.

<b>APIR Code</b>	FSF0973AU
<b>Inception Date</b>	19 December 2008
<b>Management Cost</b>	0.45%
<b>Buy / Sell spread</b>	0.1 / 0.1%
<b>Exit Unit Price</b>	0.9471
<b>Product Size</b>	\$67 million
<b>Benchmark</b>	RBA Cash Rate

### CUMULATIVE PERFORMANCE



### PERFORMANCE

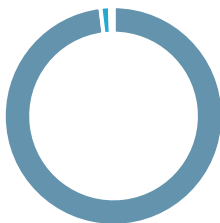
	FUND (NAV)	BENCHMARK	VALUE-ADDED VS.BENCHMARK
One Month Return	1.0	0.3	0.7
Three Month Return	0.0	1.0	-1.0
Year-to-Date Return	1.9	1.8	0.1
One Year Annualized Return	5.2	2.9	2.3
Three Year Annualized Return	2.0	1.1	0.9
Five Year Annualized Return	1.6	1.1	0.5
Ten Year Annualized Return	2.1	1.5	0.6
SINCE INCEPTION ANNUALIZED RETURN	2.9	2.3	0.6

### TOP TEN HOLDINGS

	% OF PORTFOLIO
AUB GROUP LTD	1.0
ARISTOCRAT LEISURE LTD	1.0
CSR LTD	1.0
BRAMBLES LTD	1.0
COCHLEAR LTD	1.0
AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED	1.0
MACQUARIE GROUP LTD.	1.0
GRAINCORP LTD	1.0
VIVA ENERGY GROUP LTD	0.9
LOTTERY CORP LTD	0.9
NUMBER OF SECURITIES	161
% OF PORTFOLIO FOR TOP 10 CURRENT HOLDINGS	9.7
% OF NON-BENCHMARK PORTFOLIO HOLDINGS	9.6

### CURRENT POSITIONING - REGION

% OF GROSS EXPOSURE



AU/NZ	98.1%
NAM	1.4%
EUR	0.3%
UK	0.2%

### CURRENT POSITIONING - SECTOR

% OF GROSS EXPOSURE



FIN	16.8%
REI	16.2%
DIS	13.3%
MAT	13.2%
IND	11.0%
STP	7.3%
COM	7.0%
HTH	6.5%
TCH	5.2%
ENR	2.4%
UTL	1.1%

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# ACADIAN DEFENSIVE INCOME FUND - CLASS A

## QUARTERLY REVIEW

### Fund Performance and Activity

The Fund returned -0.05%, 5.07%, 1.39% and 1.91% net of fees for the quarterly, 1-, 5-, and 10-year periods, versus returns of 0.94%, 2.93%, 1.07% and 1.52% for the RBA Cash Rate.

The Fund's market neutral component detracted 0.01% from returns for the quarter. Long positions contributed 2.43%, while short positions detracted 2.44%. Key sources of negative returns included short exposures to financials and industrials, and our long exposure to consumer discretionary. Contributors included our long exposure to financials and industrials, and our short exposure to consumer discretionary.

The Fund's cash position contributed 1.14% to returns for the quarter.

### Key Holdings<sup>1</sup>:

Positive:

Our long exposure to Blackmores Ltd., an Australian health supplements company, was rewarded with 24 basis points of active return as shares gained 34% in the quarter. The company has been gaining from increased demands for vitamins and immunity products.

Negative:

Our short exposure to AGL Energy Ltd, an Australian company that is engaged in generation and retailing of electricity and gas for residential and commercial use, cost the portfolio 30 basis points of active return as share prices gained 33.3% in the period. The company expects its underlying profit after tax in FY23 to fall within the range of AU\$255 million to AU\$285 million, an upgrade from AU\$200 to AU \$280 million announced previously.

### Market Review

Australian equities (S&P/ASX 300 Accumulation Index) rose almost 1% in Q2 2023 on a resilient global economy and peaking inflation. After the leaving the cash rate unchanged in April, the Reserve Bank of Australia (RBA) hiked rates twice in the following months, by 25bps, leaving it a record high of 4.10% by the end of the quarter. The RBA believes that this would provide "greater confidence" that inflation would likely fall to the target range within a reasonable timeframe. The board remains committed to bringing inflation back to the 2%-3% target range and the central bank believes that future hikes would depend on how the inflation outlook changes. Annual inflation in Australia, meanwhile, stood at 7% and was believed to have peaked. Goods price inflation is expected cool over the next few months on soft global and domestic demands. Australia's manufacturing sector woes continued in the second quarter, with the Manufacturing PMI declining to 48.2 by the end of Q2 – a level that is historically associated with a cyclical slowdown in manufacturing activity. Australian consumer sentiment soured during the quarter due to two back-to-back rate hikes that left the consumers worried about the state of unemployment amid expectations of further tightening by the central bank. The Westpac-Melbourne Institute index of consumer sentiment stood at near recession lows at 79.2 by the end of the period. This indicates that a greater number of consumers remained pessimistic about the outlook of the economy. Notably, the labour market conditions eased a bit, however, they remained very tight. As of the last reporting in May, the unemployment rate fell slightly to 3.6%. Australian companies reported labour shortages were easing, however, job vacancies and advertisements remained at record levels.

From a sector perspective, information technology (+18.48%) was the largest contributor, whereas utilities (+5.46%) was the second-largest performer. Meanwhile, healthcare stocks (-2.59%) fell the most during the period.

### Market Outlook and Strategy

Policymakers continue to face a stiff challenge of restoring price stability without kneecapping economic growth. Inflation rates have come down, but in many regions, they remain well above central banks' target levels. The OECD forecasts below-trend global growth of 2.7% in 2023, followed by 2.9% in 2024. The euro area has slipped into recession, partly due to high food and energy costs. Commodity prices have been falling, and that should also help in the fight against inflation. Energy prices, in particular, have declined significantly in recent months, with Brent crude trading at \$74 currently, down from \$86 at the start of the year (and \$122 last June). The composition of inflation may be decisive in the months ahead. Will core inflation prove to be "stickier" than headline inflation has been? Meanwhile, the Reserve Bank of Australia (RBA) acknowledges that expectations of the ongoing high inflation levels might contribute to further growth in prices and wages, given the unemployment rate remains at historically low levels. 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. However, high prices and cost-of-living pressures continue to weigh on household spending.

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<sup>1</sup>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 and Target Market Determination document 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. Attribution data is gross of fees.

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