

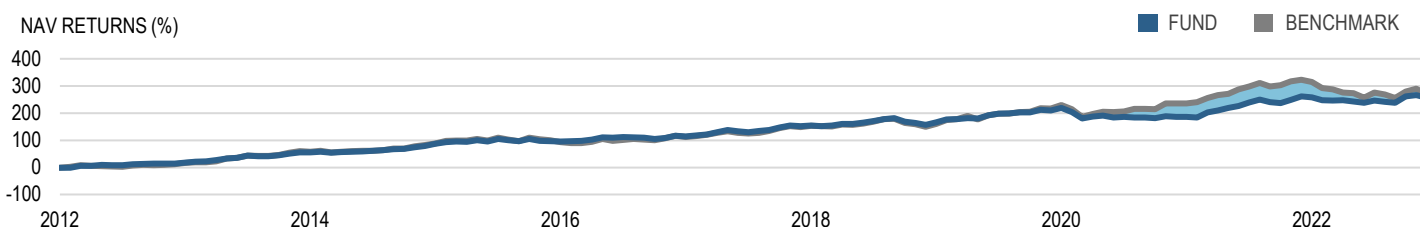
ACADIAN GLOBAL MANAGED VOLATILITY FUND - CLASS A

DECEMBER 2022

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	1.5322
Product Size	\$269 million
Benchmark	MSCI All-Country World Index

CUMULATIVE PERFORMANCE



PERFORMANCE

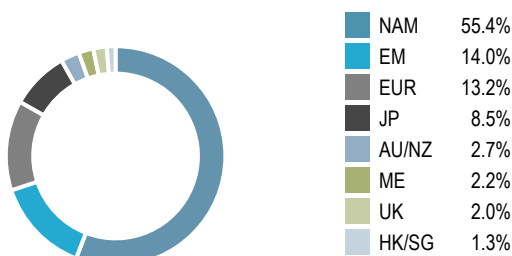
	FUND (NAV)	BENCHMARK	VALUE-ADDED VS. BENCHMARK
One Month Return	-2.7	-5.1	2.4
Three Month Return	5.2	4.1	1.1
Year-to-Date Return	-1.8	-12.5	10.7
One Year Annualized Return	-1.8	-12.5	10.7
Three Year Annualized Return	4.1	5.3	-1.2
Five Year Annualized Return	6.5	8.3	-1.8
Ten Year Annualized Return	11.4	12.7	-1.3
SINCE INCEPTION ANNUALIZED RETURN	11.7	12.6	-0.9
SINCE INCEPTION SHARPE RATIO	1.2	1.0	
SINCE INCEPTION BETA	0.7	1.0	

TOP TEN HOLDINGS

	% OF PORTFOLIO
APPLE INC	1.7
MARSH & MCLENNAN COS INC	1.4
HERSHEY CO	1.4
RELIANCE STEEL & ALUMINUM CO	1.4
COLGATE-PALMOLIVE CO	1.4
PROCTER & GAMBLE CO	1.3
BERKSHIRE HATHAWAY INC	1.3
NIPPON TELEGRAPH & TELEPHONE CORP	1.3
MCKESSON CORP	1.2
AGRICULTURAL BANK OF CHINA LTD	1.2
NUMBER OF SECURITIES	418
% OF PORTFOLIO FOR TOP 10 CURRENT HOLDINGS	13.4
% OF NON-BENCHMARK PORTFOLIO HOLDINGS	26.7

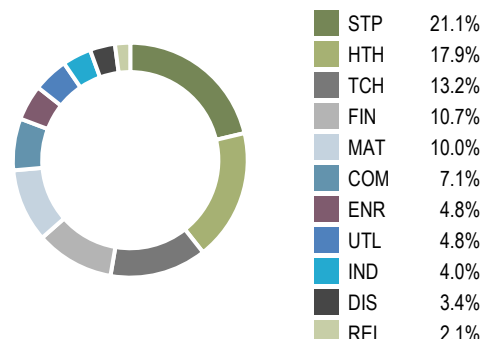
CURRENT POSITIONING - REGION

ABSOLUTE



CURRENT POSITIONING - SECTOR

ABSOLUTE



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QUARTERLY REVIEW

Market Review

Global equities gained 7.5% in the fourth quarter after rallying in October and November and selling off in December. In a familiar pattern, both developed and emerging markets outperformed in the fourth quarter. Stocks advanced on cooling inflation, a robust job market and weakness in the U.S. dollar. Hopes of a slowdown in the pace of rate hikes by the Fed also boosted investor sentiment. Indeed, major central banks across the world eased rate increases. Meanwhile, eurozone inflation softened on declining energy prices. Although global inflation appears to have cooled, it remains high and future rate hikes by major central banks remain a possibility. U.S. Fed Chair Jerome Powell made clear that the central bank’s current stance helped curb inflation to an extent; however, rate hikes are likely to continue until overall inflation decreases significantly. Meanwhile, the European Central Bank also hinted at further rate hikes to rein in inflation. The ECB also plans to trim its balance sheet by EUR 15 bn every month beginning March this year until the end of the second quarter.

Fund Performance and Activity

PORTFOLIO PERFORMANCE IN AUSTRALIAN DOLLARS

	FOURTH QUARTER
Portfolio (net of fees)	5.2 ¹
Benchmark	4.1

The Portfolio returned 5.19%, -1.08%, 6.54% and 11.43% net of fees for the quarterly, 1-,5-, and 10-year periods, versus returns of 4.07%, -12.46%, 8.27% and 12.68% for the cap-weighted benchmark². A combination of an underweight position and stock selection in consumer discretionary added 130 basis points, led by a lack of exposure to Tesla Inc. A combination of stock selection and underweight position in information technology contributed 85 basis points, owing primarily to a position in Apple Inc. Offsetting these results to a degree was 80 basis points of negative returns from a stock selection in energy, driven by a lack of exposure in Exxon Mobil Corp.*

Approximately 45% of the portfolio was held in the lowest beta stocks, compared to roughly 17% for the index. The effect of the portfolio’s exposure to the lowest beta quintile was positive. Approximately 40% of the portfolio was held in the lowest volatility stocks, compared to roughly 28% for the index. The effect of the portfolio’s exposure to the lowest volatility quintile was negative.

Key Holdings³

Positive

- Our lack of exposure to Tesla, Inc., an EV maker, was rewarded with 82 basis points of active return as share prices declined 54.1% over the quarter. Tesla’s Q4 EV delivery data disappointed, falling short of expectations and weighed on the stock. The company made 405,278 deliveries in the period, compared to the consensus estimate of around 427,000 deliveries.

Negative

- Our out of benchmark exposure to H&R Block, Inc., a provider of assisted income tax return preparation and do-it-yourself (DIY) tax return preparation services and products, cost the portfolio 17 basis points of active return as share prices fell 13.7% over the quarter. Escalating operating expenses have been eroding the company’s margins. Additionally, its decreasing current ratio is not desirable.

Outlook and Strategy

The global economy appears likely to slow in 2023 as inflation remains high, energy markets are disrupted, and household income growth is soft. The OECD forecasts that global growth will fall to 2.2% in 2023 before rebounding to 2.7% in 2024. Central banks seem biased towards further tightening and there is risk they may overshoot. Recession anxiety has grown globally. The Bank of England has perhaps been the bluntest voice. It warned that the U.K. may face a lengthy recession, lasting until 2024. The central bank blamed a combination of high energy prices and rising rates. As for the U.S., Federal Reserve Chair Jerome Powell has been clear that the Fed wants growth to slow for a time so that inflation can subside. In China, protests broke out, prompted by frustration at the country’s “zero-COVID” policy. Perhaps in response, China began to lift some of its COVID restrictions in December. Investors are keen to see whether reopening will be robust and decisive or whether future outbreaks will slow the pace of reopening. The U.S. dollar weakened by 10% relative to global currencies during Q4 2022, perhaps offering some relief to emerging markets burdened by the greenback’s strength. Oil prices rose at the beginning of the quarter but then declined to close out the period little changed. The OECD calculates that fully 17.7% of members’ GDP is being spent on energy—a level not seen since the 1979-80 oil shock. By comparison, the 2019 outlay on energy was 10.2% of GDP.

¹Returns for this fund as reported by the Administrator (Colonial First State) and are not calculated by Acadian. ²MSCI All-Country World (net) from 2013-01-15, MSCI World (net) 2012-01-18 to 2013-01-14. ³Top 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.

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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

If you are a Personal Investor or Retail Client:

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