

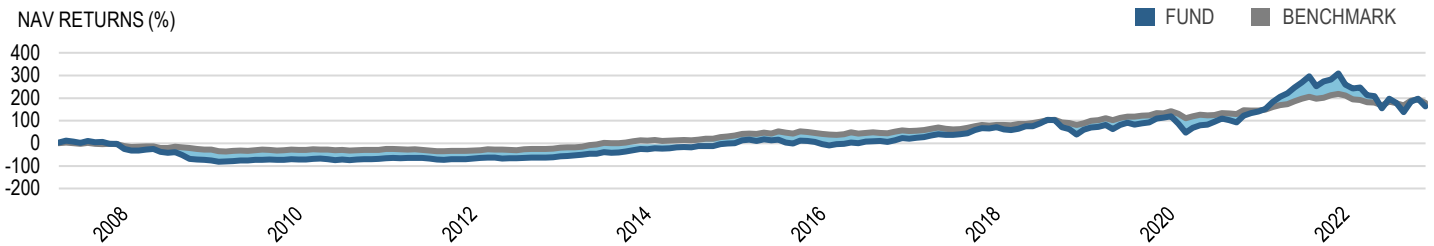
# ACADIAN WHOLESALE GEARED SUSTAINABLE GLOBAL FUND

DECEMBER 2022

The Acadian Wholesale Geared Sustainable Global Fund seeks to maximise risk-adjusted, long-term returns by borrowing to invest in stocks from around the world, while carefully controlling portfolio risk and transaction costs. The option aims to outperform the MSCI World (ex Australia) Index over rolling seven-year periods before fees and taxes.

**APIR Code** FSF0891AU  
**Inception Date** 16 April 2007  
**Management Cost** 1.22% / 2.70%  
**Buy / Sell spread** 0.05 - 0.15%  
**Exit Unit Price** 0.6722  
**Product Size** \$614 million  
**Benchmark** MSCI World ex-AU Index

## CUMULATIVE PERFORMANCE



## PERFORMANCE

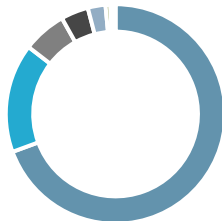
	FUND (NAV)	BENCHMARK	VALUE-ADDED VS. BENCHMARK
One Month Return	-11.4	-5.5	-5.9
Three Month Return	11.3	4.0	7.3
Year-to-Date Return	-35.5	-12.5	-23.0
One Year Annualized Return	-35.5	-12.5	-23.0
Three Year Annualized Return	7.2	6.2	1.0
Five Year Annualized Return	9.8	9.3	0.5
Ten Year Annualized Return	21.3	13.7	7.6
SINCE INCEPTION ANNUALIZED RETURN	6.4	6.7	-0.3

## TOP TEN HOLDINGS

	% OF PORTFOLIO
APPLE INC	2.8
PEPSICO INC	2.6
ALPHABET INC	2.3
CISCO SYSTEMS INC	2.1
MCKESSON CORP	1.9
ROCHE HOLDING AG	1.9
MICROSOFT CORP	1.9
NOVO NORDISK A S	1.7
MOLINA HEALTHCARE INC	1.7
CADENCE DESIGN SYSTEMS INC	1.7
NUMBER OF SECURITIES	307
% OF PORTFOLIO FOR TOP 10 CURRENT HOLDINGS	20.6
% OF NON-BENCHMARK PORTFOLIO HOLDINGS	22.3

## CURRENT POSITIONING - REGION

ABSOLUTE



NAM	68.7%
EUR	15.9%
EM	6.4%
JP	4.0%
UK	2.6%
ME	0.7%
AU/NZ	0.4%
HK/SG	0.3%

## CURRENT POSITIONING - SECTOR

ABSOLUTE



TCH	19.7%
HTH	17.9%
IND	13.3%
FIN	11.8%
DIS	8.1%
ENR	7.9%
MAT	6.0%
STP	5.6%
UTL	3.5%
COM	3.5%
REI	1.5%

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# ACADIAN WHOLESALE GEARED SUSTAINABLE GLOBAL FUND

## QUARTERLY REVIEW

### Fund Performance and Activity

The Portfolio returned 11.25%, -35.50%, 9.81% and 21.31% net of fees for the quarterly, 1-, 5-, and 10-year periods, versus returns of 3.95%, -12.52%, 9.25% and 13.74% for the index<sup>1</sup>. The underlying portfolio underperformed its benchmark\* by 0.5% over the quarter, therefore the impact of gearing was the driver of the outperformance. Stock selection detracted from returns and country allocations were positive.

Key sources of positive active returns included an overweight position in Denmark, an overweight position in Austria, and a combination of stock selection and an underweight position in the United States. Leading advances within these markets in turn included a position in Novo Nordisk, a holding in OMV, and an investment in Tesla. Detractors included a combination of stock selection and an underweight position in France, stock selection in Switzerland, and stock selection in Germany. Leading declines within these markets respectively included a lack of exposure to TotalEnergies, a holding in Roche Holding, and an investment in Siemens.\*

### Key Holdings<sup>2</sup>

#### Positive

Our underweight to Tesla Inc., an EV maker, was rewarded with 83 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 Yelp Inc., operator of an online platform that connects consumers with local businesses, cost the portfolio 36 basis points of active return as share prices declined 20.3% in the period. A slowing economy and supply-chain constraints have been weighing on the stock. Increasing competition from Google and lack of revenue diversification are other concerns for the company.

### 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.

### 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.

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<sup>1</sup>MSCI World ex-AU (net). <sup>2</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.

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