



Acadian Asset Management LLC Emerging Markets Portfolio Third Quarter 2021

Performance

The Acadian Emerging Markets Portfolio returned -6.1% (net of fees) for the quarter, versus a return of -7.9% for the MSCI Emerging Markets Equity Index (net).[†]

Commentary

In the third quarter, the MSCI Emerging Markets Equity Index (net) fell 7.9% as the global economic recovery slowed. The continued spread of COVID-19 closed ports and factories worldwide, causing raw material shortages and supply-side bottlenecks. This led to surges in the prices of global goods and record inflation levels in some parts of the globe. The highly contagious Delta variant accelerated the widening divide between developed and emerging countries, or rather, between those countries with access to vaccinations and those without. Chinese stocks fell as recent government interventions in technology, education, and real estate sectors fueled investor panic and dragged down global markets. Economic indicators also fell short of expectations. Brazilian markets also tumbled. Surging prices forced the central bank to hike rates, potentially dampening the economic recovery while the country's political instability also weighed on markets. Conversely, oil-producing countries such as Russia and Saudi Arabia benefitted from soaring global energy prices.

Against this backdrop, the Acadian Emerging Markets Portfolio outperformed its benchmark[†], stock selection drove the relative outperformance, though sector allocation effects were also favorable. Companies with positive growth prospects and attractive valuations were rewarded.

China and Brazil led gains from stock selection perspective, while Taiwan slightly detracted. Allocation effects were generally negative, due to the portfolio's underweights to India and Russia and overweight to Brazil.

Meanwhile, from a sector perspective, stock selection within Information Technology, Materials, Consumer Staples, Consumer Discretionary and Communication Services yielded the strongest results, while poor selection within Energy, Financials, and Utilities offset some of these gains. Allocation effects further contributed from the overweights to Energy, IT, and Materials, as well as the underweights to Communication Services and Health Care.

Emerging markets have struggled pushing past the bleakest days of COVID-19 to generate sustained growth. The economic recovery across emerging economies is expected to be uneven. The divergence in growth prospects is largely the product of vaccination rates, the scope and effectiveness of macroeconomic support, and sector specialization. While some emerging market economies have experienced rapid rebounds in economic activity, oftentimes it has been accompanied by sharp increases in inflation. Nevertheless, EM stocks are trading at close to a 40% discount to U.S. equities which Acadian believes present pockets of attractive stock selection opportunities.

[†]Source of index returns: MSCI. Copyright 2021 MSCI.

Performance data quoted represents past performance. Past performance does not guarantee future results. Annualized performance as of September 30, 2021 is: 25.58% (1 Year); 8.59% (5 Years), and 5.90% (10 Years). The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost and current performance may be lower or higher than the performance quoted. Total expense ratio for the fund is 1.40%. Shareholders may pay a redemption fee of 2% when they redeem shares held for less than 90 days. For performance data current to the most recent month end, please call 1-866-AAM-6161. The fund's benchmark was changed March 1, 2012 to the MSCI Emerging Markets Index. Prior to that, the benchmark had been the IFC Investable Index.

Past performance is no guarantee of future performance and may differ significantly from future performance due to market volatility.

The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets.

Mutual fund investing involves risk including loss of principal. In addition to the normal risks associated with investing, international investments may involve risk of capital loss from unfavorable fluctuation in currency values, from differences in generally accepted accounting principles or from economic or political instability in other nations. Emerging markets involve heightened risks related to the same factors, in addition to those associated with their relatively small size and lesser liquidity. The fund is non-diversified.

To determine if this fund is an appropriate investment for you, carefully consider the fund's objectives, risk factors, charges, and expenses before investing. This and other information can be found in the fund's full and summary prospectuses, which can be obtained by calling 1-866-AAM-6161. Please read the prospectus carefully before investing.

The Acadian Emerging Markets Portfolio is distributed by SEI Investments Distribution Co, which is not affiliated with Acadian Asset Management LLC.

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