



Acadian Asset Management LLC

Emerging Markets Portfolio

First Quarter 2025

Performance

The Acadian Emerging Markets Portfolio returned 1.19% (net of fees) for the quarter, relative to a return of 3.01% for the MSCI Emerging Markets Equity Index. †

Commentary

In Q1 2025, global equity markets experienced significant volatility amid a complex macroeconomic backdrop, falling 2.7% in the period. The frequent changes and announcements regarding tariffs created an atmosphere of uncertainty, rattling the markets and giving rise to fears of a recession. February saw the introduction of new tariffs on imports from Mexico, Canada, and China, which set the stage for continued market turbulence in March. The U.S. administration further announced tariffs on steel, aluminum, and automobiles, causing increased economic instability. Despite these headwinds, European markets remained resilient, driven by a boost in defense spending. Emerging markets outperformed the developed markets, led by strong performances from Chinese and Korean stocks. China's economy performed well, with strong retail sales and industrial output supporting asset markets. In response to the rising uncertainty, investors moved toward safe-haven assets, driving gold prices sharply higher toward the end of the quarter.

Against this backdrop, the Acadian Emerging Markets Portfolio underperformed its benchmark[†] by 182 basis points for the quarter ending March 31, 2025.

At the country level, stock selection detracted from return, while country allocations were negative. Key sources of negative active return included stock selection in both India and China, and a combination of stock selection and an underweight position in South Africa. Contributors included a combination of stock selection and an overweight position in Hungary, and stock selection in Thailand and Saudi Arabia.

From a sector perspective, key sources of negative active return included a combination of stock selection and an overweight position in information technology, stock selection in industrials, and a combination of stock selection and an underweight position in materials. Contributors included a combination of stock selection and an overweight position in communication services and stock selection in financials.

[†]Source of index returns: MSCI. Copyright 2025 MSCI



Outlook

The OECD expects U.S. GDP to slow from 2.2% in 2025 to 1.6% in 2026, and will likely be accompanied by a rise in unemployment which is anticipated to peak at around 4.6% in 2026.

Euro area GDP growth is projected to come in at 1.0% in 2025 and 1.2% in 2026, as increased trade uncertainty weighs on economic growth. The European Central Bank (ECB) is likely to deliver its final rate cut of 2025 by June. The OECD cut its 2025 forecast for the U.K.'s economic growth from 1.7% to 1.4%, citing tariff uncertainties.

The OECD projects Australia's GDP to grow 1.9% in 2025 before falling to 1.8% in 2026. The Reserve Bank of Australia expects growth in household consumption to continue to increase as income growth rises.

The OECD reduced its growth projection for Japan from 1.5% to 1.1% for 2025. The Bank of Japan (BoJ) will continue to raise interest rates if economic and price developments move in line with its projections and is expected to hike rates two or three times in 2025.

The OECD believes the Chinese economy will grow 4.8% in 2025 as the government's stimulus spending is likely to be partially offset by falling consumer demand and the continuing real estate crisis. Moreover, falling consumer confidence amid the heightening U.S.-China trade war is likely to limit the impact of the policy measures, resulting in the economy's growth slowing to 4.4% in 2026.

The OECD cut India's FY26 growth forecast from 6.9% to 6.4%, as trade uncertainties grow. However, the country is likely to maintain strong economic growth over the next two years, due to growth in the services sector, improved macroeconomic policy framework, and strong domestic demand.

The OECD lowered its growth forecast for the Brazilian economy to 2.1% in 2025 and 1.4% in 2026, due to the impacts of a tighter monetary policy and increased tariffs on steel and aluminum exports to the U.S.

The OECD lowered South Korea's 2025 economic growth outlook from 2.1% to 1.5%, due to tariff uncertainties. Additionally, potential import tariffs by the U.S. could hurt the country's semiconductor exporters.

Performance data quoted represents past performance. Past performance does not guarantee future results. Annualized performance as of March 31, 2025 is: 9.74% (1 Year); 12.26% (5 Years), and 4.99% (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 1.32%. 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.

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