# Acadian Asset Management LLC
# Emerging Markets Portfolio
# Second Quarter 2026

**Performance**

The Acadian Emerging Markets Portfolio (Investor Class) returned 25.59% (net of fees) for the quarter ending June 30, 2026, relative to a return of 24.05% for the MSCI Emerging Markets Equity Index†.

**Commentary**

Global equity markets, as measured by the MSCI World Index rose 13.96% in Q2 2026, delivering a strong performance despite a challenging geopolitical and macroeconomic backdrop. Markets navigated significant volatility following Iran's closure of the Strait of Hormuz, which triggered the largest oil supply disruption in modern history and pushed Brent crude above $120 per barrel. The resulting spike in energy prices revived inflation concerns, but sentiment improved as Middle East tensions eased, and oil prices retreated toward quarter-end. Artificial intelligence remained the quarter's defining investment theme. Investor confidence in the durability of the AI infrastructure and data center investment cycle strengthened, with major U.S. hyperscalers increasing 2026 capital expenditure plans to approximately $700 billion. This sustained investment supported a meaningful upgrade in earnings expectations, particularly across the technology sector, driving global earnings growth forecasts higher. Emerging markets were standout performers, posting their strongest quarterly gains since 2009. Taiwan and South Korea led advances as robust demand for AI-related semiconductors and hardware boosted technology stocks. Developed markets, including the United States, Europe, and Japan, also generated solid returns, while China lagged due to weakness in consumer and automotive sectors. Despite a late-quarter technology-led pullback, investor appetite for long-term structural growth remained intact, with AI continuing to offset concerns around energy markets, inflation, and geopolitical uncertainty.

Against this backdrop, the Acadian Emerging Markets Portfolio (Investor Class) outperformed its benchmark of MSCI Emerging Markets Equity Index † by 154 basis points for the quarter ending June 30, 2026.

At the country level, Stock selection contributed to return, while country allocations were positive. Key sources of positive active return included stock selection in China, a combination of stock selection and an overweight position in Taiwan, and stock selection in South Korea. Detractors included stock selection in India, a combination of stock selection and an overweight position in Thailand, and an overweight position in the United Arab Emirates.

From a sector perspective, key sources of positive active return included a combination of stock selection and an overweight position in information technology, a combination of stock selection and an underweight position in consumer discretionary, and an underweight position in consumer staples. Detractors included a combination of stock selection and an overweight position in energy, a combination of stock selection and an underweight position in financials, and an overweight position in communication services.

*†Source of index returns: MSCI. Copyright 2026 MSCI*

## Outlook

U.S. equities, as measured by the MSCI USA Index† rose 15.18%, for the quarter ending June 30, 2026, despite persistent inflation concerns and geopolitical uncertainty. Gains were driven by a powerful rebound in technology and AI-related stocks, supported by robust earnings and resilient cloud demand. Investor sentiment also benefited from easing U.S.–Iran tensions and solid economic activity. While the Federal Reserve maintained rates, growing inflationary pressures and hawkish policy signals tempered enthusiasm toward quarter-end.

European equities, as measured by the MSCI Europe Index† delivered a robust gain of 11.41%, for the quarter ending June 30, 2026, supported by improving investor sentiment, easing Middle East tensions, and resilient economic activity. Markets benefited from recovering consumer confidence, expansionary manufacturing activity, and lower energy prices as geopolitical risks moderated. Meanwhile, the European Central Bank adopted a more hawkish stance, raising its key policy rate by 25 basis points and signaling continued vigilance on inflation.

U.K. equities, as measured by the MSCI United Kingdom Index† gained 3.44%, for the quarter ending June 30, 2026, supported by resilient consumer sentiment and a modest decline in unemployment early in the quarter. The Bank of England kept the Bank Rate at 3.75%, underscoring ongoing concerns about persistent inflation and energy-driven price pressures. However, rising unemployment, and increased political uncertainty following Prime Minister Keir Starmer's resignation weighed on sentiment and limited further market gains.

Japanese equities, as measured by the MSCI Japan Index† rallied 16.68%, for the quarter ending June 30, 2026, supported by a weak yen, and strong gains in technology and AI-related stocks. Improved sentiment surrounding a potential U.S.–Iran ceasefire and lower oil prices further benefited Japan's export-oriented and energy-importing economy. The Bank of Japan raised its benchmark rate to 1%, the highest in 31 years, signaling continued tightening as it moves away from ultra-loose policy to address inflation.

Australian equities, as measured by the MSCI Australia Index† rose 3.86%, for the quarter ending June 30, 2026, supported by easing Middle East tensions, lower oil prices, and improving risk appetite. The Reserve Bank of Australia kept the cash rate unchanged at 4.35%. Inflation cooled more than expected, with annual Consumer Price Index (CPI) easing to 4.0% in May from 4.2% in April, reducing expectations for further policy tightening, although it remained above the RBA's 2–3% target range.

Chinese equities, as measured by the MSCI China declined 6.87%, for the quarter ending June 30, 2026, pressured by weakening domestic demand, persistent economic headwinds, and a late-quarter selloff in technology and semiconductor stocks. Early gains driven by AI optimism and solid first-quarter GDP growth of 5.0% faded as retail sales, auto demand, and fixed-asset investment weakened amid low consumer confidence and property-sector challenges. Meanwhile, limited progress in U.S.–China trade talks weighed on sentiment. The People's Bank of China kept policy rates unchanged, signaling confidence in growth despite rising domestic and geopolitical risks.

Indian equities, as measured by the MSCI India Index† advanced 9.85%, for the quarter ending June 30, 2026, staging a strong rebound as easing geopolitical tensions and lower crude oil prices improved investor sentiment. Markets were supported by favorable monsoon expectations, and progress in India–U.S. trade discussions. Although foreign outflows and profit-taking weighed on returns at times, accommodative Reserve Bank of India (RBI) policies and a stronger rupee provided support. Investor confidence was further boosted by significant commitments from global technology companies to expand AI, cloud, and data center investments across India.

Brazilian equities, as measured by the MSCI Brazil Index† declined 8.92%, for the quarter ending June 30, 2026, pressured by significant foreign capital outflows, elevated global risk aversion, and domestic macroeconomic uncertainty. Investor sentiment weakened amid fiscal concerns ahead of the October presidential elections, while high interest rates continued to weigh on growth-sensitive sectors. Industrial activity remained subdued, with softer manufacturing data and persistent trade and inflation concerns further dampening market performance.

South Korean equities, as measured by the MSCI Korea† delivered an extraordinary 89.74% gain for the quarter ending June 30, 2026, making them one of the best-performing markets globally. Returns were driven by a powerful surge in semiconductor stocks as AI-driven demand fueled strong growth in high-bandwidth memory and data center-related technologies. While market volatility increased later in the quarter, government initiatives to support AI chips and infrastructure helped sustain momentum.

**Annualized performance as of June 30, 2026 is: 45.77% (1 Year); 11.64% (5 Years), and 11.88% (10 Years).**

***Performance data quoted represents past performance. Past performance does not guarantee future results. 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. For performance data current to the most recent month end, please call 1-866-AAM-6161.*** *Total Gross expense ratio for AEMGX is 1.32%. Shareholders may pay a redemption fee of 2% when they redeem shares held for less than 30 days*

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

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