



Acadian Asset Management LLC Emerging Markets Portfolio Third Quarter 2025

Performance

The Acadian Emerging Markets Portfolio returned 7.71% (net of fees) for the quarter, relative to a return of 10.64% for the MSCI Emerging Markets Equity Index.[†]

Commentary

Global equity markets delivered a strong performance in Q3 2025, rising 7.5%*, supported by easing trade tensions, resilient earnings, and rising expectations for monetary policy easing. Investor sentiment remained firm, especially in AI-centric sectors. News of a potential \$100 billion investment in OpenAI further reinforced artificial intelligence as a structural growth driver. Emerging markets broadly outperformed developed peers, led by China, which benefited from the extended US-China tariff truce and renewed tech optimism. Broader EM sentiment was lifted as well. Trade agreements between the US and the EU, Japan, and South Korea helped stabilize global risk appetite, while a ceasefire between Iran and Israel eased geopolitical tensions. However, the backdrop remained complex. New tariffs on India and Canada introduced fresh uncertainty, pushing the US effective tariff rate to its highest since the 1930 Smoot-Hawley Act. Unresolved issues in US-China talks—such as dual-use tech exports and industrial overcapacity—continue to cloud the outlook. The Federal Reserve's September rate cut confirmed its dovish pivot, though inflation remains sticky. Gold surged past \$3,800/oz, driven by safe-haven demand and inflation fears, with strong buying from central banks and Eastern markets. Markets showed resilience, with investors leaning into risky assets amid improving visibility on trade and policy.

Against this backdrop, the Acadian Emerging Markets Portfolio underperformed its benchmark[†] by 293 basis points for the quarter ending June 30, 2025.

At the country level, stock selection detracted from return, while country allocations were positive. Key sources of negative active return included stock selection in Taiwan and in China, and a combination of stock selection and an overweight position in Poland. Contributors included a combination of stock selection and an underweight position in Indonesia, and underweight positions in both Kuwait and in the Philippines.

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

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

*MSCI World Index



Outlook

The OECD projects U.S. growth to slow to 1.8% in 2025 after 2.8% in 2024, and to 1.5% in 2026 as tariffs, lower immigration, and federal workforce cuts weigh on activity. Increased AI investment, fiscal support, and expected Fed rate cuts may soften the slowdown. Headline inflation is forecast to be 2.7% by the end of 2025.

Euro area GDP is projected to slow from 1.2% in 2025 to 1.0% in 2026 as trade frictions and geopolitical uncertainty weigh on activity, partly offset by stronger public investment and improved credit conditions. The ECB expects a rebound to 1.3% by 2027 on rising incomes, easier financing, and recovering foreign demand. The UK's 2025 growth was revised up to 1.4% (G-7's second-fastest), easing to 1.0% in 2026 due to tighter fiscal policy and U.S. tariffs.

Australia is forecast to grow 1.8% in 2025 and 2.2% in 2026. The OECD emphasizes fiscal consolidation and structural reforms to address challenges and support long-term growth. Inflation is expected to ease toward the RBA's target; monetary policy may loosen further as fiscal policy becomes more restrained, consistent with broader stabilization.

Japan's GDP is projected to grow 1.1% in 2025 (a 0.4-point upward revision supported by strong corporate earnings and investment) before slowing to 0.5% in 2026. A U.S.–Japan trade agreement has improved sentiment, prompting government upgrades to consumption and business spending forecasts. The auto sector remains under pressure from a 15% U.S. tariff (previously 2.5%). The BOJ is expected to resume raising rates, reflecting growing concerns over inflation and currency weakness; it is monitoring U.S. tariff impacts and Japan's political environment, with recent leadership changes easing concerns about political interference in monetary policy.

China's economic growth is projected to slow from 4.9% in 2025 to 4.4% in 2026 as stimulus effects fade, higher U.S. tariffs take hold, and fiscal support diminishes. Export performance is expected to weaken under new trade restrictions. In response to slowing momentum, the People's Bank of China is increasingly likely to ease monetary policy in Q4, facing growing pressure to support domestic demand and stabilize growth.

India's 2025 GDP forecast has been revised upward to 6.7%, supported by monetary and fiscal easing and strong GST reforms. However, elevated U.S. tariffs are expected to weigh on exports. Food price inflation has declined sharply due to strong domestic supply and export restrictions, prompting the OECD to lower its FY2026 CPI forecast to 2.9%. GDP is projected to grow 6.2% in FY2026, maintaining India's position as the fastest-growing G20 economy, driven by resilient domestic demand and ongoing policy support.

Brazil's economy is forecast to grow 2.3% in 2025, slowing to 1.7% in 2026 on weaker demand and global headwinds. The Central Bank is expected to maintain a restrictive stance to curb inflation, keeping borrowing costs elevated. Although inflation has moderated, policy tightening will likely continue. High public debt remains a concern, underscoring the need for fiscal efficiency and stronger revenues to support long-term macroeconomic stability.

The OECD has held its 2025 GDP growth forecast for South Korea at 1.0%, citing structural challenges and external pressures. Among G20 economies, its growth projections have stagnated or declined. Trade frictions and geopolitical uncertainty are expected to weigh on exports and investment. Inflation is forecast to remain contained, with consumer prices projected to rise 2.2% in 2025 and ease to 1.9% in 2026, suggesting a backdrop for policy continuity.



Performance data quoted represents past performance. Past performance does not guarantee future results. Annualized performance as of September 30, 2025 is: 16.19% (1 Year); 11.37% (5 Years), and 8.91% (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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