



Acadian Asset Management LLC Emerging Markets Portfolio Fourth Quarter 2025

Performance

The Acadian Emerging Markets Portfolio returned 4.48% (net of fees) for the quarter, relative to a return of 4.73% for the MSCI Emerging Markets Equity Index.[†]

Commentary

Global equities delivered a strong performance in Q4 2025, rising 3.4%, supported by an expansionary macro backdrop and resilient corporate fundamentals. The Federal Reserve resumed its easing cycle with two rate cuts, bringing the range to 3.5%–3.75%. Despite persistent inflation and elevated valuations, risk assets rallied broadly, driving U.S. large and small caps, non-U.S. developed equities, and gold to new highs. Emerging markets outperformed developed peers, led by South Korea and Taiwan, while U.S. growth stocks continued to shine in technology and communications, though gains from the “Magnificent 7” were more muted. Valuations climbed across regions, with U.S. price-to-earnings ratios remaining well above historical averages for the third consecutive year, while non-U.S. markets offered relatively attractive entry points. Earnings growth persisted globally, with double-digit gains in the U.S. and emerging markets. A weaker dollar provided a tailwind for international equities and commodities, while gold surged past \$4,000/oz, cementing its position as the top performing asset amid inflation hedging and safe-haven demand. While optimism for continued earnings growth remains, elevated inflation, tariff-related uncertainties, and heightened policy risk underscore the need for disciplined positioning and diversification going forward.

Against this backdrop, the Acadian Emerging Markets Portfolio underperformed its benchmark[†] by 25 basis points for the quarter ending December 31, 2025.

At the country level, stock selection contributed to return, while country allocations were positive. Key sources of positive active return included stock selection in both India and China, and a combination of stock selection and an overweight position in Hungary. Detractors included stock selection in Taiwan, a combination of stock selection and an underweight position in Brazil, and a combination of stock selection and an underweight position in Chile.

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

[†]Source of index returns: MSCI. Copyright 2026 MSCI

*MSCI World Index



Outlook

The OECD now expects U.S. GDP to expand 2% in 2025 (from 1.8%) before easing to 1.7% in 2026 (up from 1.5%). Robust AI investment, fiscal stimulus, and anticipated Fed rate cuts are expected to cushion the economy from tariffs, reduced immigration, and federal job cuts. Headline inflation is projected to rise to 3% by 2026.

Euro area growth is expected to strengthen gradually, rising from 1.3% in 2025 and 1.2% in 2026 to 1.4% in 2027, supported by domestic demand and a rebound in trade. The ECB projects growth to average 1.2% in 2026 and 1.4% in 2027–28. U.K. GDP is forecast to ease to 1.2% in 2026 amid fiscal tightening and global uncertainty, before edging up to 1.3% in 2027, as investment improves. Inflation is expected to ease from 2.5% in 2026 to 2.1% in 2027, while unemployment rises to 5%.

The OECD notes Australia's growth is strengthening and increasingly driven by the private sector. GDP is projected to accelerate from 1.8% in 2025 to 2.3% in both 2026 and 2027, reflecting a gradual closure of the output gap, low unemployment, and inflation near the RBA's target. Recent momentum, particularly in private investment, has exceeded expectations, raising capacity pressures. Inflation is expected to remain steady at 2.7% in 2026.

Japan's economy is expected to moderate after a solid 1.3% expansion in 2025, with GDP growth projected at 0.9% annually in 2026–27. The OECD believes that domestic demand will remain the key driver, supported by wage gains lifting real incomes, robust corporate profits, and government subsidies, while U.S. tariffs weigh on external demand. Inflation is forecast to ease toward the 2% target as food prices decline, supporting gradual policy normalization. The BoJ began tightening in December 2025 and is expected to raise rates further in 2026.

China's growth is projected to hold at 5% in 2025 before easing to 4.4% in 2026 and 4.3% in 2027, reflecting structural headwinds. Consumption is expected to remain subdued. Real estate investment and prices are likely to continue declining, while the anti-involution campaign curbs business investment despite infrastructure spending under the new Five-Year Plan. Inflation is expected to stay positive, supported by anti-involution measures. Headline inflation is projected to rise to 0.3% in 2026.

The OECD forecasts India's economy to expand by 6.7% in FY 2025-26, reinforcing its role as a global growth leader. Strong domestic demand, rising real incomes, moderating inflation, and robust public capital expenditure underpin this outlook, despite external risks. Headline inflation is expected to gradually converge toward the 4% target.

The OECD projects Brazil's GDP to expand by 2.4% in 2025, before easing to 1.7% in 2026 and rebounding to 2.2% in 2027, with domestic demand remaining the primary growth driver. Private consumption will be supported by sustained job creation and robust wage growth, despite investment headwinds. Inflation is expected to decline gradually to 4.2% in 2026, staying above target but within the tolerance band from the second quarter onward.

The OECD expects South Korea's economy to rebound in 2026, with GDP growth projected at 2.1%–2.2%, recovering from a subdued 1% in 2025. The upturn is expected to be supported by accommodative monetary policy, targeted fiscal measures, and rising real wages, offset by export headwinds. Inflation is forecast to ease to 1.8%, reinforcing stability. To sustain growth, the OECD emphasizes fiscal prudence and structural reforms in labor markets, regulation, and foreign direct investment, alongside addressing demographic pressures and mobilizing untapped labor.



Performance data quoted represents past performance. Past performance does not guarantee future results. Annualized performance as of December 31, 2025 is: 27.47% (1 Year); 8.75% (5 Years), and 9.59% (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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