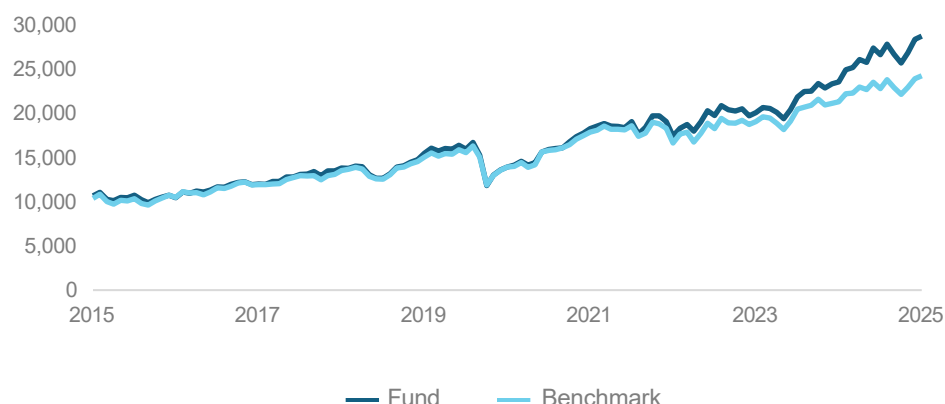


## Features of the strategy

- The strategy aims to outperform the S&P/ASX 300 Accumulation Index over rolling four-year periods by investing in undervalued companies and shorting overvalued ones. The portfolio typically maintains a long exposure of 130% and a short exposure of -30%.
- Acadian Australia's investment approach employs structured stock and peer group valuation models designed to capture a broad range of relevant characteristics, including quality, value, earnings growth and price-related factors. This systematic process seeks to identify securities with unrecognised value and improving earnings prospects, helping to unlock that value over time.
- Acadian Australia's portfolios leverage global investment capabilities, supported by a team of over 120 investment professionals across all strategies, sophisticated quantitative models that process 518 million data points daily, and a 39-year track record of delivering results through a disciplined systematic investment process.

## Growth of \$10,000 over 10 years



Fund return is net of fees and taxes and assumes reinvestment of distributions in the 10 year period.

## Investment returns as at June 30, 2025 (%) (Returns beyond 1 year are annualised)

	1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Fund (Gross)	1.4	12.2	8.5	23.3	19.4	16.9	11.6	9.2
Fund (Net)	1.3	11.9	7.9	21.9	18.1	15.6	10.4	7.9
Benchmark Index	1.4	9.5	9.5	13.7	13.3	11.8	8.8	7.6
Excess (Net - Index)	-0.1	2.4	-1.6	8.2	4.7	3.8	1.6	0.3

Past performance is not a reliable indicator of future performance. Inception date is 27 February 2006.

## Key Facts

### Strategy Snapshot

A portfolio designed to maximise risk-adjusted, long-term returns by investing in undervalued stocks and short- selling overvalued ones on the ASX.

### Investment Objective

To outperform the S&P/ASX 300 Accumulation Index over rolling four-year periods before fees and taxes.

### Benchmark Index<sup>1</sup>

S&P/ASX 300 Accumulation Index

### Inception Date

27 February 2006

### Number of Stocks

200 - 300

### Fund Size

\$266 million

### Management Fee

Acadian Australian Equity Long Short Fund – Class A : 0.76%  
Acadian Australian Equity Long Short Fund : 1.12%

### Buy/Sell Spread

0.15%

### Distribution Frequency

Quarterly

### Minimum Investment

\$25,000 or platform minimum

### APIR

FSF3982AU FSF0789AU

### Research Ratings

Lonsec "Recommended"<sup>2</sup>

## Performance Commentary

The portfolio outperformed its benchmark\* by 2.43% for the quarter ending June 30, 2025. Contributing results from stock selection were offset partially by negative payoffs from sector allocation. Key sources of positive active returns included stock selection in consumer discretionary and industrials, and a combination of stock selection and an underweight position in health care. Leading advances within these sectors respectively included net short positions in IDP Education and Fletcher Building, and a holding in Pro Medicus. Stock selection in materials detracted from active return led by a position in South32.\*

## Key Holdings<sup>4</sup>

### Positive

Our overweight to Pro Medicus Ltd., an Australian healthcare informatics company that specializes in medical imaging software and services, was rewarded with 47 basis points of active return as its share price jumped 51.6% during the quarter. The rally was driven by strong contract wins and rising demand for its Visage platform. Key deals included a 10-year, \$170 million agreement with UCHHealth across 14 hospitals and a 5-year, \$20 million renewal with FMOLHS, featuring higher pricing and expanded services. These wins showcased the strength of its scalable SaaS model. Despite broader market volatility, investor confidence remained high due to consistent growth and a growing U.S. presence.

### Negative

Our overweight to South32 Ltd., a diversified metals and mining company, cost the portfolio 28 basis points of active return as its share price declined 10% during the quarter. The drop was driven by ongoing operational challenges and a downward revision of production guidance for alumina, copper, and zinc, which raised concerns about future earnings potential. Additionally, the company announced significant impairments totaling approximately US\$818 million related to its Worsley Alumina and Cerro Matoso operations.

## Market Review

Australian equities (S&P/ASX 300 Accumulation Index) rallied 9.5% in the second quarter of 2025, despite ongoing market volatility driven by uncertainty around tariffs and conflict in the Middle East. Although markets initially declined due to trade tensions, they rebounded later in the quarter as those tensions eased. A major catalyst for the recovery was a U.S.–China agreement to fast-track rare earth exports, which led the U.S. to ease certain trade restrictions and encouraged China to revisit its export policies.

In the second quarter, the Reserve Bank of Australia (RBA) implemented a single rate cut, lowering the cash rate by 25 basis points to 3.85%—its lowest level in two years. This move was made possible by easing inflation and aimed to mitigate growing global trade risks. The RBA's policy tone became more cautious, noting that inflation risks were now more balanced, though global trade uncertainty remains. The central bank emphasized that the rate cut was intended to maintain stable monetary policy during a period of heightened uncertainty, aligning with market expectations and allowing flexibility for future adjustments.

By the end of the quarter, inflation in Australia had fallen to its lowest point in three and a half years. The Consumer Price Index (CPI) for May rose just 2.1%, below forecasts and the lowest since October 2024, largely due to a sharp drop in food prices. This brought inflation within the RBA's 2–3% target range and increased the likelihood of further rate cuts this year. Consumer confidence improved as cost-of-living pressures eased, with Westpac's Consumer Sentiment Index rising to 92.60 in June from 92.10 in May. Meanwhile, the unemployment rate remained steady at 4.1% in May, consistent with the previous two months and market expectations. The participation rate slightly declined to 67.0% from April's 67.1%.

From a sector-wise perspective, information technology (26.9%) was the largest contributor, followed by financials (15.7%). Materials (-0.4%) were the biggest detractor.

Top 10 Stocks	Industry	%
COMMONWEALTH BANK OF AUSTRALIA	Banks	12.8
BHP GROUP LTD	Materials	7.7
AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED	Banks	4.7
WESFARMERS LTD	Consumer Disc, Distr, Retail	3.2
CSL LTD	Pharma, Biotech & Life Sci	3.0
ARISTOCRAT LEISURE LTD	Consumer Services	2.9
NATIONAL AUSTRALIA BANK LTD	Banks	2.9
TELSTRA GROUP LTD	Telecom Services	2.7
WESTPAC BANKING CORP	Banks	2.7
MACQUARIE GROUP LTD	Financial Services	2.5
Total		45.1

Industry Sectors	%
Financials	25.7
Materials	15.4
Industrials	11.6
Consumer Discretionary	11.0
Health Care	9.3
Consumer Staples	6.4
Information Technology	5.9
Real Estate	5.8
Communication Services	4.4
Energy	3.6
Utilities	0.8

## Outlook and Strategy

Global equity markets delivered mixed performance in Q2 2025, navigating a volatile landscape shaped by geopolitical tensions, trade policy shifts, and evolving monetary expectations. The quarter began with a sharp sell-off, particularly in U.S. markets, as renewed tariff threats and weaker economic data triggered a technical correction. However, sentiment improved in May and June, supported by easing trade tensions, a ceasefire in the Middle East, and strong earnings in sectors like technology and consumer discretionary. The Fed held rates steady but signaled two cuts by year-end, while gold prices dipped on easing geopolitical risks.

The Organisation for Economic Co-operation and Development (OECD) predicts that global GDP growth will decrease from 3.3% in 2024 to 2.9% in 2025 and 2026. This decline will be particularly noticeable in North America and China. Factors such as higher bilateral tariffs and increased policy uncertainty are expected to impede growth in business investment and trade. Moreover, consumer spending is likely to drop in most economies due to weak sentiment, ongoing cost of living pressures, and the impact of higher trade tariffs.

The OECD's latest economic outlook underscores the complexity of the current economic environment, where inflation remains a central challenge amid broader efforts to revive global growth. It forecasts global inflation to stay high in 2025, with OECD-wide inflation projected to be 4.2%. This is an upward revision from the December 2024 forecast of 3.7%, indicating persistent price pressures in both advanced and emerging economies. The Paris-based organization attributes this rise to several factors, including ongoing supply chain disruptions, high energy prices, and continued geopolitical tensions. Additionally, stubborn inflation expectations might lead central banks to maintain tighter monetary policies for longer than previously expected. The OECD stresses that policy uncertainty and fragmented global trade could further worsen inflationary pressures if not addressed.

The U.S. Energy Information Administration (EIA) anticipates that global oil demand will continue to grow in the third quarter of 2025, largely fueled by non-OECD nations such as India and China. Refinery activity is also projected to increase. Although global oil supply is expected to rise, oil prices are likely to stay relatively steady. U.S. crude oil production, which peaked at 13.5 million barrels per day in Q2 2025, is forecast to decline to around 13.3 million barrels per day by Q4 2026 due to fewer active drilling rigs and falling oil prices. Brent crude prices are expected to average \$61 per barrel by the end of 2025 and drop further to \$59 per barrel in 2026.

Meanwhile, the OECD expects Australia's economy to expand by 1.8% in 2025 and 2.2% in 2026. The OECD also projects that the Reserve Bank of Australia will continue lowering interest rates in the second half of 2025.

## Platform Availability

- AMP North
- Colonial First State Edge
- Dash
- Macquarie Wrap
- BT Panorama
- Colonial First State FirstChoice
- HUB24
- Mason Stevens

## Fund Ratings

- Lonsec "Recommended"<sup>2</sup>

## Contact Acadian Asset Management



[Acadian-asset.com/au](https://Acadian-asset.com/au)



02 9093 1000



[Australiaclientservices@acadian-asset.com](mailto:Australiaclientservices@acadian-asset.com)



Mark Mukundan  
Director, Wholesale Markets  
E [mmukundan@acadian-asset.com](mailto:mmukundan@acadian-asset.com)  
P 0411 615 685



Isaak Walkom  
Wholesale Business Development Mgr  
E [iwalkom@acadian-asset.com](mailto:iwalkom@acadian-asset.com)  
P 0419 643 454

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