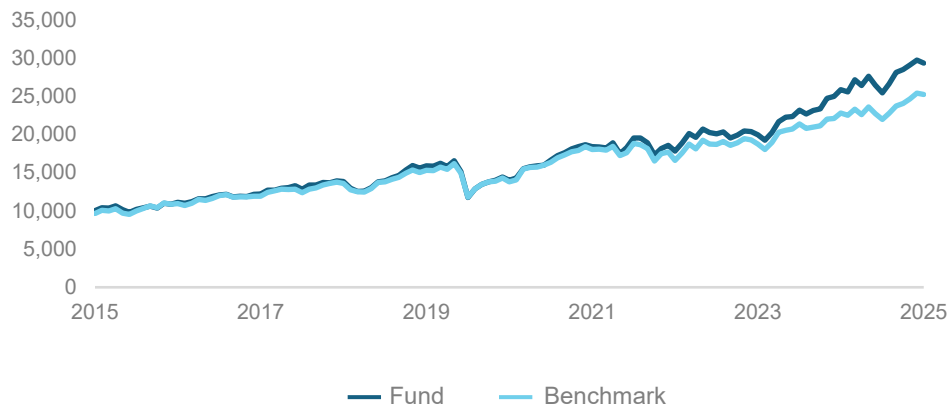


Features of the strategy

- 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 September 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)	-1.2	3.3	15.9	14.8	19.4	17.2	12.6	9.2
Fund (Net)	-1.3	3.0	15.3	13.5	18.1	15.9	11.3	7.9
Benchmark Index	-0.7	5.0	14.9	10.8	15.0	12.9	10.1	7.7
Excess (Net - Index)	-0.6	-2.0	0.4	2.7	3.1	3.1	1.2	0.2

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 stocks on the ASX.

Investment Objective

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

Benchmark Index¹

S&P/ASX 300 Accumulation Index

Inception Date

27 February 2006

Number of Stocks

200 - 300

Fund Size

\$313 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

Semi annually

Minimum Investment

\$25,000 or platform minimum

APIR

FSF3982AU FSF0789AU

Research Ratings

Lonsec "Recommended"²

Performance Commentary

The portfolio underperformed its benchmark¹ by -1.96% for the quarter ending September 30, 2025. Key sources of negative active return included a combination of stock selection and an underweight position in materials and consumer discretionary, and a combination of stock selection and an overweight position in financials. Leading declines within these sectors included net short positions in IperionX and IDP Education, and a holding in Insurance Australia Group. Contributors included stock selection in consumer staples, real estate (+49 bps), and energy (+30 bps). Leading advances within these sectors included a position in GrainCorp, and net short positions in Lifestyle Communities and Boss Energy.*

Key Holdings⁴

Positive

Our underweight to CSL Ltd., was rewarded with 33 basis points of active return as share prices fell 14.3% over the quarter. The drop was mainly due to investor concern over its restructuring strategy, which included significant job cuts and the proposed demerger of its Seqirus vaccine business. Additional pressure came from underperformance in the Behring plasma division, setbacks in R&D such as the CSL112 trial, and lingering concerns around margin recovery and tariffs.

Negative

Our overweight to Xero Ltd., cost the portfolio 26 basis points of active return as its share price declined 10.6% during the quarter. The decline followed a substantial A\$1.85 billion capital raise to support its Melio acquisition, which diluted shareholder value. RBC Capital also downgraded the stock due to forecasting challenges and concerns over U.S. bank data fees. Regulatory uncertainty around U.S. open banking further dampened investor confidence.

Top 10 Stocks	Industry	%
COMMONWEALTH BANK OF AUSTRALIA	Banks	9.8
BHP GROUP LTD	Materials	8.1
WESTPAC BANKING CORP	Banks	5.0
AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED	Banks	4.8
WESFARMERS LTD	Consumer Disc, Distr, Retail	3.4
NATIONAL AUSTRALIA BANK LTD	Banks	3.2
ARISTOCRAT LEISURE LTD	Consumer Services	3.1
CSL LTD	Pharma, Biotech & Life Sci	3.0
COLES GROUP LTD	Consumer Staples Distr, Retail	2.6
XERO LTD	Software & Services	2.4
Total		45.3

Industry Sectors	%
Financials	26.2
Materials	16.6
Consumer Discretionary	12.0
Industrials	10.7
Health Care	8.8
Consumer Staples	5.9
Information Technology	5.5
Real Estate	5.5
Energy	3.8
Communication Services	3.7
Utilities	1.3

Market Review

Australian equities (S&P/ASX 300 Accumulation Index) rose 5% in the third quarter of 2025, supported by easing US–China trade tensions and growing expectations of further stimulus from the US Federal Reserve. A notable rotation into previously lagging stocks emerged early in the quarter, a trend often seen at the start of the financial year. Investor sentiment was further buoyed by the passage of the One Big Beautiful Bill Act (OBBBA), which helped reduce domestic policy uncertainty.

The Reserve Bank of Australia (RBA) cut the cash rate by 25 basis points to 3.60% in August—its lowest since April 2023—citing subdued public demand and a softer growth outlook. The central bank acknowledged that inflation had eased significantly from its 2022 peak, with tighter policy helping to restore balance between supply and demand. While the RBA adopted a more dovish tone, it reiterated that future rate decisions would remain data dependent. However, inflationary pressures persisted late in the quarter. Headline CPI rose to 3.0% in August, driven by higher housing, food, and alcohol costs. Although the trimmed mean eased to 2.6%, sticky services inflation prompted upward revisions to near-term forecasts. As a result, market expectations for further rate cuts were pushed out, with only one cut now anticipated by March 2026.

Consumer sentiment softened amid rate concerns and employment uncertainty, with the Westpac-Melbourne Institute Index falling 3.1% to 95.4 by the end of the quarter. Nonetheless, steady unemployment at 4.2% and modest improvements in household finances pointed to underlying resilience in the broader economy.

From a sector-wise perspective, materials (21.2%) was the best performing, followed by utilities (11.4%). Health care (-9.7%) was the worst performing sector.

Outlook and Strategy

Global equities advanced in Q3 2025, supported by easing trade tensions, strong corporate earnings—particularly in AI—and a dovish Federal Reserve. The U.S. finalized trade deals with the EU, Japan, and South Korea, reducing tariff risks and stabilizing markets. Talk of renewed ceasefire negotiations in the Middle East and extended U.S.-China negotiations further lifted sentiment. U.S. equities gained on robust tech results and a Fed rate cut, with markets pricing in further easing ahead as Q2 GDP was revised to 3.3%. Inflation rose to 2.9% in August from 2.7% in July, and the Fed cut rates to 4.00%–4.25%. Asia-Pacific outperformed, led by Japan's trade deal and monetary optimism. China rallied on tech strength and policy support, while India weakened under steep U.S. tariffs and currency pressure. Emerging markets overall outpaced developed peers amid resilient fundamentals.

The OECD projects global GDP growth at 3.2% in 2025 and 2.9% in 2026, down from 3.3% in 2024 but above its June forecast of 2.9% for 2025. The upward revision reflects stronger-than-expected early-year performance in emerging economies, though momentum is expected to slow as trade disputes and policy uncertainty persist. The outlook underscores both resilience and mounting headwinds.

Inflation dynamics remain complex. G20 headline inflation is expected to ease from 3.4% in 2025 to 2.9% in 2026, with core inflation broadly stable at 2.6% in 2025 and 2.5% in 2026. Rising food and goods prices and tariff effects are slowing disinflation. Firms have absorbed much of the burden, but pressure is emerging in consumer demand and corporate margins. The OECD urges governments to adopt transparent trade policies and central banks to balance inflation control with growth support while preserving independence.

Energy markets reflect complex dynamics in supply and demand across energy sources. The U.S. Energy Information Administration expects Brent crude to average \$59 per barrel in Q4 2025, reflecting swelling inventories as supply outpaces demand, with stockpiles likely elevated into 2026. By contrast, U.S. electricity and natural gas use are projected at record highs, supported by renewable expansion, while ethane production and exports rise on robust global demand. Further, propane exports to China stay constrained by tariffs, building Gulf Coast inventories and pressuring regional prices downward.

Meanwhile, the OECD expects Australia's economy to grow 1.8% in 2025 and 2.2% in 2026. The organization 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.

Platform Availability

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

Fund Ratings

- Lonsec "Recommended"²

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Disclaimer and disclosures

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