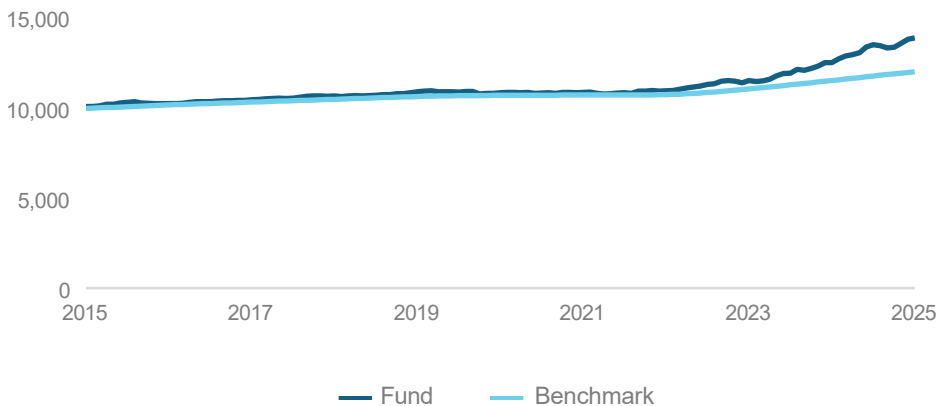


Features of the strategy

- The strategy aims to outperform the RBA cash rate over rolling three-year periods, with a relatively low level of volatility.
- The investment manager, Acadian Asset Management, combines cash and fixed income investments with long and short equity holdings (market neutral), selected using Acadian Australia's equity investment process.
- Acadian dynamically manage the exposure of the long/short component of the portfolio, with the net market exposure typically maintained close to 0%. The long/short structure is designed to minimise equity market risk while benefiting from franking credits and leveraging Acadian Australia's sophisticated analytical models for stock selection.

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)	0.6	4.1	3.1	11.6	8.8	5.6	3.8	4.5
Fund (Net)	0.6	3.9	2.8	11.0	8.2	5.0	3.1	3.7
Benchmark Index	0.3	1.0	2.0	4.2	3.8	2.3	1.9	2.6
Excess (Net - Index)	0.3	2.9	0.8	6.7	4.4	2.6	1.2	1.1

Past performance is not a reliable indicator of future performance. Inception date is 19 December 2008.

Key Facts

Strategy Snapshot

A portfolio designed to outperform the RBA cash rate with a relatively low level of volatility. The portfolio may invest in cash, fixed income investments and long and short equity holdings with net market exposure typically maintained close to 0%.

Investment Objective

To outperform the RBA cash rate over rolling three-year periods before fees and taxes.

Benchmark Index¹

RBA Cash Rate

Inception Date

19 December 2008

Number of Stocks

250 - 300

Fund Size

\$124 million

Management Fee

0.46%

Buy/Sell Spread

0.10%

Distribution Frequency

Quarterly

Minimum Investment

\$25,000 or platform minimum

APIR

FSF0973AU

Research Ratings

Zenith "Recommended"²

Lonsec "Recommended"³

Performance Commentary

The portfolio outperformed its benchmark, the RBA Cash Rate, by 2.95% for the quarter ending June 30, 2025. The Fund's market neutral component contributed 2.83% to returns for the quarter. Key sources of positive returns included exposures to industrials and consumer discretionary.

The Fund's cash position contributed 0.12% to returns for the quarter.

Key Holdings⁴

Positive

Our long exposure to Pro Medicus Ltd., an Australian healthcare informatics company that specializes in medical imaging software and services, was rewarded with 41 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 short exposure to Boss Energy Ltd, an explorer and producer of uranium deposits in Australia and the United States, cost the portfolio 45 basis points of active return as share prices rallied close to 88% in the period. The rally was driven by strong financial and operational results, including the company's first free cash flow from its Honeymoon uranium project. Production rose 116%, with 268,000 pounds sold at \$83.50 per pound. Solid liquidity of \$229 million and rising uranium demand further boosted market optimism.

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	%
SUNCORP GROUP LTD	Insurance	1.0
COCHLEAR LTD	Health Care Equip & Servcs	1.0
XERO LTD	Software & Services	1.0
BRAMBLES LTD	Comm & Prof Services	1.0
GPT GROUP	Equity (REITs)	1.0
UNIBAIL-RODAMCO-WESTFIELD	Equity (REITs)	1.0
QUBE HOLDINGS LTD	Transportation	1.0
VICINITY LTD	Equity (REITs)	1.0
CHALLENGER LTD	Financial Services	1.0
GROWTHPOINT PROPERTIES AUSTRALIA LTD	Equity (REITs)	1.0
Total		9.9

Industry Sectors	%
Industrials	15.7
Materials	13.7
Financials	13.5
Consumer Discretionary	13.5
Real Estate	12.0
Health Care	9.3
Consumer Staples	6.9
Energy	5.2
Information Technology	5.1
Communication Services	3.9
Utilities	1.1

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

- BT Panorama
- Colonial First State Edge
- Colonial First State FirstChoice
- Dash
- HUB24
- Netwealth

Fund Ratings

- Zenith "Recommended"²
- Lonsec "Recommended"³

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Disclaimer and disclosures

1 RBA Cash Rate. 4 Top contributing/detracting individual positions over the period as measured by basis point impact. For illustrative purposes only.

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3 The rating issued 18 October 2024 FSF0973AU is published by Lonsec Research Pty Ltd ABN 11 151 658 561 AFSL 421 445 (Lonsec). Ratings are general advice only, and have been prepared without taking account of your objectives, financial situation or needs. Consider your personal circumstances, read the product disclosure statement and seek independent financial advice before investing. The rating is not a recommendation to purchase, sell or hold any product. Past performance information is not indicative of future performance. Ratings are subject to change without notice and Lonsec assumes no obligation to update. Lonsec uses objective criteria and receives a fee from the Fund Manager. Visit lonsec.com.au for ratings information and to access the full report. © 2025 Lonsec. All rights reserved.

4 Top contributing/detracting individual positions over the period as measured by basis point impact. This should not be considered a recommendation to buy or sell any specific security.