

ACADIAN DEFENSIVE INCOME FUND - CLASS A

MARCH 2025

The Acadian Defensive Income Fund - Class A seeks to provide investment returns in excess of the Reserve Bank of Australia (RBA) cash rate over rolling three-year periods before fees and taxes, with a relatively low degree of volatility. This will be achieved by combining cash and fixed interest investments with long and short equity holdings chosen using Acadian Australia's equity investment process. Sophisticated portfolio construction techniques will be used to implement this in a way that limits equity market exposure.

APIR Code	FSF0973AU
Inception Date	19 December 2008
Management Cost	0.46%
Buy / Sell spread	0.10%
Exit Unit Price	0.9665
Product Size	\$115 million
Benchmark	RBA Cash Rate

PERFORMANCE

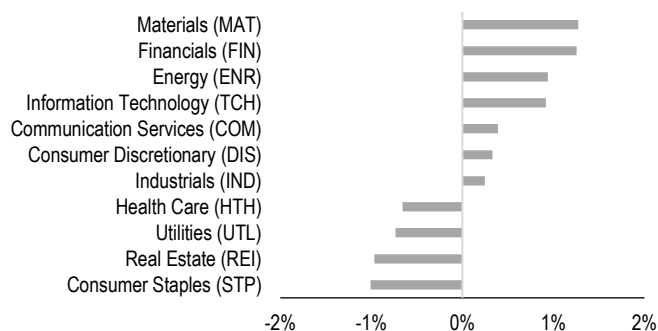
	FUND (GROSS)	FUND (NAV)	BENCHMARK	VALUE-ADDED VS. BENCHMARK
One-Month Return	0.3	0.2	0.3	-0.1
Three-Month Return	-0.9	-1.1	1.0	-2.1
Year-to-Date Return	-0.9	-1.1	1.0	-2.1
One Year Annualized Return	10.3	9.6	4.3	5.3
Three Year Annualized Return	7.5	6.8	3.5	3.3
Five Year Annualized Return	4.9	4.3	2.1	2.1
Ten Year Annualized Return	3.5	2.8	1.8	1.0
SINCE INCEPTION ANNUALIZED RETURN	4.3	3.6	2.6	0.9

TOP TEN HOLDINGS

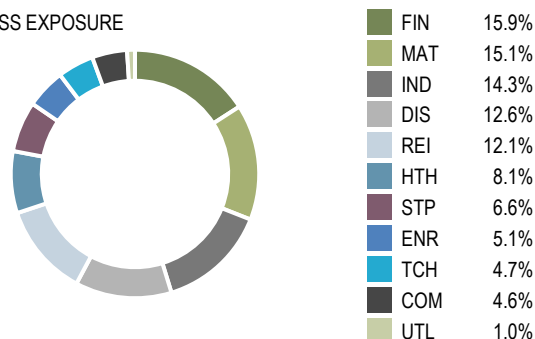
	% OF PORTFOLIO
A2 MILK CO LTD	1.0
QANTAS AIRWAYS LTD	1.0
UNIBAIL-RODAMCO-WESTFIELD	1.0
CHARTER HALL RETAIL REIT	1.0
QUBE HOLDINGS LTD	1.0
JB HI-FI LTD	1.0
COLES GROUP LTD	1.0
HARVEY NORMAN HOLDINGS LTD	1.0
LOTTERY CORP LTD	1.0
GPT GROUP	1.0
NUMBER OF SECURITIES	303
% OF PORTFOLIO FOR TOP 10 CURRENT HOLDINGS	10.0
% OF NON-BENCHMARK PORTFOLIO HOLDINGS	12.2

CURRENT POSITIONING - SECTOR

NET



% OF GROSS EXPOSURE



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Returns that include the most recent month are preliminary. All returns are calculated on an annualised basis using exit price to exit price with distributions reinvested, net of management costs, transaction costs. All return calculations exclude any individual taxes payable by the investor and all other fees and rebates disclosed in the relevant product disclosure statements available on our website or by calling us. The 'distribution' component is the amount paid by the way of distribution, which may include net realised capital gains. Portfolio holdings are subject to change and should not be considered a recommendation to buy or sell individual securities. Reference to the benchmark is for comparative purposes only and is not intended to indicate that the Fund will contain the same investments as the benchmark. Investors have the opportunity for losses as well as profits. Past performance is no guarantee of future results. Index Source: RBA Cash Rate.

ACADIAN DEFENSIVE INCOME FUND - CLASS A

QUARTERLY REVIEW

Fund Performance and Activity

The portfolio underperformed its benchmark, the RBA Cash Rate, by 205 basis points for the quarter ending March 31, 2025. Long positions within the market neutral component detracted, while short positions contributed. Key sources of negative returns included exposures to financials and communication services. The Fund's cash position contributed 0.23% to returns for the quarter.

Key Holdings¹:

Positive:

Our long exposure to The a2 Milk Company Ltd., was rewarded with 29 basis points of active return as share prices rose 46% over the quarter. The company is experiencing renewed growth in sales within China, driven by increasing demand for infant formula suitable for babies under six months. Additionally, higher global dairy prices and the rise in sales of premium products are other positive factors that have boosted the stock's performance.

Negative:

Our short exposure Domain Holdings Australia Ltd, a digital Australian property marketplace, cost the portfolio 40 basis points of active return as share prices rallied close to 60% in the period. The company's shares have surged following the announcement of a possible acquisition by the U.S. real estate firm CoStar Group, Inc. If the deal goes through, it would mark CoStar's first venture into the Australian real estate market and could potentially transform the sector which has seen a drop in listing volumes due to high living costs.

Market Review

Australian equities (S&P/ASX 300 Accumulation Index) fell 2.9% in Q1 2025 as trade tensions, monetary policy divergence, and technological disruptions due to the emergence of low-cost AI models rattled markets. The derating of the broader markets continued as market participants assessed the impact of the U.S. administration's tariffs and some investors channeled money back to China.

In the first quarter, the Australian government introduced policies to boost economic growth and ease living cost pressures. These included tax cuts and increased funding for healthcare, education, and defense to strengthen economic stability amid global uncertainties. In February, the Reserve Bank of Australia (RBA) made its first rate cut in four years, reducing the cash rate by 25 basis points from 4.35% to 4.10%. The RBA cited cooling inflation and weak private demand growth as reasons for the rate reduction.

Australia's consumer inflation eased by the end of the quarter, driven by a fall in electricity prices. The monthly consumer price index remained unchanged from January to February, according to the latest data from the Australian Bureau of Statistics. However, the annual rate decreased to 2.4% from 2.5%, contrary to expectations of no change. This continued easing of prices builds the case for more rate cuts by the Reserve Bank of Australia (RBA) in the months ahead.

Australia's consumer confidence rose 4% by the end of the quarter before settling at 95.9 from 92.2 in February, its highest level in three years. The rise was prompted by the RBA's interest rate reduction in February and a decrease in cost-of-living pressures. Although the official unemployment rate stayed steady at about 4.1%, February saw a surprising drop in total employment. The participation rate decreased from January's peak but continued to be at a historical high.

From a sector-wise perspective, information technology (-18.2%) was the largest detractor, followed by real estate (-6.6%). Industrial stocks (+2.5%) gained the most during the period.

Market Outlook and Strategy

Global markets opened the year on a positive footing, buoyed by initial optimism surrounding President Trump's second term. However, sentiment quickly shifted as markets reacted negatively to a series of policy announcements from the administration, particularly the rollout of new tariff measures. Much of the first quarter of 2025 was overshadowed by escalating trade tensions and fears of a broader trade war. In February, the U.S. imposed a 10% tariff on a range of Chinese imports, which was followed by an increase to 20% in March. In response, China levied retaliatory tariffs on a variety of U.S. goods—including energy—and introduced export restrictions on certain critical minerals. Additional friction arose as the U.S. extended 25% tariffs to Canadian and Mexican imports. Toward the end of the quarter, fresh announcements of 25% levies on imported automobiles and car parts further unsettled global markets.

The Organisation for Economic Co-operation and Development (OECD) expects global GDP growth to decelerate modestly from 3.2% in 2024 to 3.1% in 2025, and 3.0% in 2026. Recent indicators suggest a weakening global outlook, with both business and consumer confidence softening across multiple regions. The potential fragmentation of the global economy remains a key headwind to global economic growth. Furthermore, concerns over high trade barriers in many G20 economies and increased policy uncertainty are likely to continue to weigh on business investment and household spending this year.

The OECD also expects inflation to remain a pressing concern in many economies, with headline inflation rising again in several economies. While it projects overall inflation to remain higher than anticipated, prices are likely to moderate as economic growth slows. In the G20 economies, headline inflation is forecast to drop from 3.8% in 2025 to 3.2% in 2026. However, the underlying inflation is projected to stay above central bank targets in many countries in 2026.

The International Monetary Fund (IMF) believes that even a 10% rise in U.S. tariffs and the resulting reciprocal levies from the euro region and China are likely to reduce U.S. GDP by roughly 1% and global GDP by 0.5% by 2026. Experts opine that more than half of this decline would be driven by the negative sentiment related to increasing uncertainty around trade policies.

The U.S. Energy Information Administration (EIA) expects global oil inventories to contract in the second quarter of 2025, largely due to reduced output in Iran and Venezuela. As a result, Brent crude prices are forecast to rise from around \$70 per barrel to \$75 by the third quarter. However, inventories are projected to increase later in the year and into 2026, as OPEC+ begins to unwind production cuts and non-OPEC supply continues to grow.

Meanwhile, the OECD projects Australia's GDP to grow 1.9% in 2025 before falling to 1.8% in 2026. The Reserve Bank of Australia expects growth in household consumption to continue to increase as income growth rises.

¹Top 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. Colonial First State Investments Limited ("CFS") is the responsible entity for this fund, ABN 98 002 348 352, AFS Licence 232468. You can find the target market determinations (TMD) for this fund at www.cfs.com.au/tmd, which include a description of who a financial product might suit. You should also read the relevant Product Disclosure Statement (PDS) and Financial Services Guide (FSG) carefully, assess whether the information is appropriate for you, and consider talking to a financial adviser before making an investment decision. You can get the PDS and FSG at www.cfs.com.au or by calling CFS on 13 13 36. The information provided has been prepared by Acadian from our internal records. It is not intended to replace the official records of your account that you receive directly from the custodian. You are encouraged to compare the information provided to you by Acadian to that provided by the custodian and to contact us with any questions. The specific countries, sectors, and individual stocks discussed herein are non-exclusive and are provided as representative of the portfolio's performance during the period. For a complete list of markets, sectors, and stocks in which the portfolio was invested during the period and the performance of each, please contact Acadian. Please note that Acadian's system of portfolio attribution uses certain estimates and assumptions and the calculations provided herein are based upon Acadian's internal records and not those maintained by the Custodian. Additional details about our method of calculation will be furnished upon request. Reference to the benchmark is for comparative purposes only and is not intended to indicate that the portfolio will or did contain the same investments as the benchmark. This review contains confidential information of Acadian Asset Management LLC. Market conditions are subject to change. Past performance is no guarantee of future returns. Attribution data is gross of fees.

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Please contact Mark Mukundan, SVP, Director, Wholesale Markets – 0411 615 685 or contact Acadian on (02) 9093 1000 or email us at australiaclientservice@acadian-asset.com

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