Class A

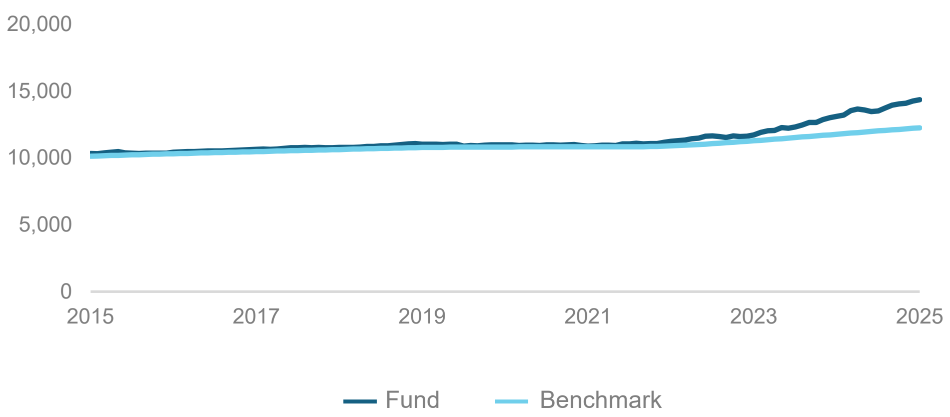
Acadian Defensive Income Fund

Quarterly Factsheet | **September 2025**

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 isdesigned 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 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)	0.7	2.4	6.6	10.2	9.1	6.1	3.8	4.6
Fund (Net)	0.6	2.3	6.3	9.5	8.4	5.4	3.2	3.8
Benchmark Index	0.3	0.9	1.9	4.1	4.0	2.5	1.9	2.7
Excess (Net - Index)	0.4	1.3	4.4	5.5	4.4	2.9	1.3	1.2

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 degree of volatility. The portfolio may invest in cash, fixed income investments and long and short equity holdings with net market exposure typically being close to 0%.

Investment Objective

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

Benchmark Index[1]

RBA Cash Rate

Inception Date

19 December 2008

Number of Stocks

250 - 300

Fund Size

$139 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 1.34% for the quarter ending September 30, 2025. Both the Fund's market neutral component and cash components contributed to returns for the quarter. Key sources of positive returns within market neutral included exposures to industrials and energy.

Key Holdings[4]

Positive

Our long exposure to NRW Holdings Ltd., an Australia-based provider of diversified contracting services, was rewarded with 47 basis points of active return as its share price jumped 58.6% during the quarter. The strong performance was driven by a 12.2% revenue increase and a 6.6% rise in underlying profit for FY25, overcoming earlier challenges. Growth in its Civil and MET segments, a solid $6.1 billion order book, and a $17.3 billion tender pipeline boosted investor optimism. The acquisition of Fredon Industries added a fourth business stream, strengthening future growth potential.

Negative

Our short exposure to Lynas Rare Earths Ltd, an Australian rare-earths mining company, cost the portfolio 46 basis points of active return as share prices rallied more than 100% in the period. The rally was fueled by strong demand for rare earths, geopolitical tailwinds favoring non-Chinese suppliers, and positive market sentiment. Despite production challenges and a drop in cash reserves, Lynas benefited from strategic focus on high-value NdPr (Neodymium / Praseodymium) segments. Its position in global supply chains and expansion initiatives supported investor confidence, driving significant share price growth amid mixed operational results and ongoing industry momentum.

Top 10 Stocks	Industry	%
NRW HOLDINGS LTD	Capital Goods	1.1
HARVEY NORMAN HOLDINGS LTD	Consumer Disc, Distr, Retail	1.0
MONADELPHOUS GROUP LTD	Capital Goods	1.0
CHARTER HALL GROUP	Equity (REITs)	1.0
COLES GROUP LTD	Consumer Staples Distr, Retail	1.0
GPT GROUP	Equity (REITs)	1.0
BRAMBLES LTD	Comm & Prof Services	0.9
WESFARMERS LTD	Consumer Disc, Distr, Retail	0.9
XERO LTD	Software & Services	0.9
GRAINCORP LTD	Consumer Staples Distr, Retail	0.9
Total		9.7

Industry Sectors	%
Industrials	15.8
Financials	14.4
Consumer Discretionary	14.0
Materials	13.0
Real Estate	11.5
Health Care	9.0
Consumer Staples	6.1
Communication Services	5.2
Information Technology	5.1
Energy	4.6
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.

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

- 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. 2 The Zenith Investment Partners (ABN 27 103 132 672, AFS Licence 226872) (“Zenith”) rating (assigned APIR FSF0973AU 19 February 2025) referred to in this piece is limited to “General Advice” (s766B Corporations Act 2001) for Wholesale clients only. This advice has been prepared without taking into account the objectives, financial situation or needs of any individual, including target markets of financial products, where applicable, and is subject to change at any time without prior notice. It is not a specific recommendation to purchase, sell or hold the relevant product(s). Investors should seek independent financial advice before making an investment decision and should consider the appropriateness of this advice in light of their own objectives, financial situation and needs. Investors should obtain a copy of, and consider the PDS or offer document before making any decision and refer to the full Zenith Product Assessment available on the Zenith website. 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