

Features of the strategy

- The strategy aims to outperform the MSCI Emerging Markets Index (AUD) over rolling four-year periods by investing emerging market companies.
- The investment manager Acadian Asset Management apply a systematic investment process with an investible universe of approximately 1,200 stocks, in emerging markets. The strategy aims to produce consistent performance by holding a broad portfolio of stocks and factor exposures.
- Acadian's global investment capability is supported by a team of over 120 investment professionals across all strategies, sophisticated quantitative models that process over 500 million data points daily, and a track record of delivering results in emerging market investing through a proven systematic investment process since 1994.

Investment returns as at December 31, 2025 (%)

(Returns beyond 1 year are annualised)

	1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Fund (Gross)	2.0	4.2	14.0	-	-	-	-	16.2
Fund (Net)	2.0	4.1	13.7	-	-	-	-	15.9
Benchmark Index	1.3	4.1	13.9	-	-	-	-	16.2
Excess (Net - Index)	0.7	0.0	-0.1	-	-	-	-	-0.3

Past performance is not a reliable indicator of future performance. Inception date is 16 June 2025.

Key Facts

Strategy Snapshot

A portfolio designed to capture attractive emerging market equity opportunities while carefully controlling for risk relative to benchmark.

Investment Objective

To outperform the MSCI Emerging Markets Index (AUD) over rolling four-year periods before fees.

Benchmark Index¹

MSCI Emerging Markets Index

Inception Date

16 June 2025

Number of Stocks

300 - 500

Fund Size

\$306 million

Management Fee

0.47%

Buy/Sell Spread

0.15%

Distribution Frequency

Semi annually

Minimum Investment

\$25,000 or platform minimum

APIR

FSF7653AU

Research Ratings

Lonsec "Recommended"²

Performance Commentary

The portfolio underperformed its benchmark¹ by 1 basis point for the quarter ending December 31, 2025. Key sources of positive active return included stock selection in India and South Korea, and a combination of stock selection and an underweight position in Saudi Arabia. Leading advances within these markets respectively included positions in Canara Bank (overweight), AI Rajhi Bank (underweight), and SK Hynix (overweight). Detractors included a combination of stock selection and underweight positions in Brazil and South Korea, and stock selection in Taiwan. Leading declines within these markets included positions in Vale (underweight), Asustek Computer (overweight), and a lack of exposure to AngloGold Ashanti.*

Key Holdings³

Positive

Our overweight to SK Hynix, a South Korean chipmaker, contributed 14 basis points to active return as the stock rose more than 100% during the period. The surge was driven by expectations of memory shortages and robust performance across the semiconductor sector amid the accelerating AI boom. In a key regulatory development, the U.S. granted an annual license for 2026, enabling SK Hynix and peers to import American chipmaking equipment into their China-based facilities. This move offers short-term relief from stringent export controls that had posed risks to global memory supply chains.

Negative

Our overweight to Kuaishou Technology, a content community and social platform in China, cost the portfolio 9 basis points of active return as shares declined 15.8% during the period. The drop was driven by intensifying competition and subdued consumer spending in China. Adding to the pressure, a significant cyberattack in December disrupted livestreaming services and exposed users to explicit content, sparking a sharp single-day selloff that pushed the stock to a near five-week low.

Market Review

Global equities delivered strong performance in Q4 2025, rising 3.4%, supported by an expansionary macro backdrop and resilient corporate fundamentals. The Federal Reserve resumed its easing cycle with two rate cuts, bringing the range to 3.5%–3.75%. Despite persistent inflation and elevated valuations, risk assets rallied broadly, driving U.S. large and small caps, non-U.S. developed equities, and gold to new highs. Emerging markets outperformed developed peers, led by South Korea and Taiwan, while U.S. growth stocks continued to shine in technology and communications, though gains from the “Magnificent 7” were more muted. Valuations climbed across regions, with U.S. price-to-earnings ratios remaining well above historical averages for the third consecutive year, while non-U.S. markets offered relatively attractive entry points. Earnings growth persisted globally, with double-digit gains in the U.S. and emerging markets. A weaker dollar provided a tailwind for international equities and commodities, while gold surged past \$4,000/oz, cementing its position as the top-performing asset amid inflation hedging and safe-haven demand. While optimism for continued earnings growth remains, elevated inflation, tariff-related uncertainties, and heightened policy risk underscore the need for disciplined positioning and diversification going forward.

Top 10 Stocks	Industry	%
TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD	Semicon & Semicon Equip	12.0
SAMSUNG ELECTRONICS CO LTD	Tech Hardware & Equip	5.0
TENCENT HOLDINGS LTD	Media & Entertainment	4.3
ALIBABA GROUP HOLDING LTD	Consumer Disc, Distr, Retail	2.7
SK HYNIX INC.	Semicon & Semicon Equip	1.7
CHINA CONSTRUCTION BANK CORP.	Banks	1.7
INDUSTRIAL AND COMMERCIAL BANK OF CHINA LTD.	Banks	1.2
RELIANCE INDUSTRIES LTD	Energy	1.2
PDD HOLDINGS INC	Consumer Disc, Distr, Retail	1.1
HON HAI PRECISION INDUSTRY CO LTD	Tech Hardware & Equip	0.9
Total		31.6

Industry Sectors	%
Information Technology	29.2
Financials	22.7
Consumer Discretionary	11.5
Communication Services	10.1
Materials	8.0
Industrials	6.5
Energy	3.6
Health Care	2.8
Consumer Staples	1.7
Other	1.4
Utilities	1.3
Real Estate	0.6

Country Exposure	%
Asia	79.7
Europe/Mid East/Africa	11.7
Latin America	6.7

Outlook and Strategy

The OECD's latest outlook highlights a global economy that displayed unexpected resilience in 2025, buoyed by improved financial conditions, AI-led investment, and supportive macroeconomic policies that partially offset U.S. tariff shocks. However, underlying vulnerabilities remain. Growth momentum is projected to moderate, with global GDP expected to ease from 3.2% in 2025 to 2.9% in 2026, before edging up to 3.1% in 2027. Near-term softness reflects the lagged impact of higher tariffs, persistent geopolitical uncertainty, and subdued confidence, with improvement expected as inflation falls and financial conditions ease.

Inflation is forecast to continue its downward trajectory, gradually converging toward central-bank targets by 2027. G20 consumer price inflation is projected to fall from 3.4% in 2025 to 2.5% by 2027, stabilizing real incomes and consumption. Nonetheless, sticky services inflation and wage pressures remain in select regions.

Energy markets are poised for easing in 2026 as supply growth outpaces demand. The U.S. Energy Information Administration projects global oil inventories to rise, exerting downward pressure on prices. Brent crude is forecast to average \$55 per barrel in 2026, reflecting robust production and modest demand growth. OPEC+ production strategies and China's ongoing inventory accumulation will likely act as stabilizing forces, limiting the extent of the decline. Electricity demand continues to grow, driven by electrification and energy-intensive sectors such as data centers, though growth is expected to slow slightly. Renewable energy generation continues to expand, contributing to a decline in coal consumption in 2026, though coal inventories and exports remain elevated in some regions.

Platform Availability

- AMP North
- Colonial First State Edge
- Dash
- Insignia Expand
- Netwealth
- BT Panorama
- HUB24
- HUB24
- Macquarie Wrap

Fund Ratings

- Lonsec "Recommended"²

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Disclaimer and disclosures

1 MSCI Emerging Markets Index. 2 The rating issued 3 June 2025 FSF7653AU 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. © 2026 Lonsec. All rights reserved. 3 Top contributing/detracting individual positions over the period as measured by basis point impact. For illustrative purposes only. *This should not be considered a recommendation to buy or sell any specific security. This material has been prepared by and is issued by Acadian Asset Management LLC and Acadian Asset Management (Australia) Limited, collectively referred to in this material as Acadian. This material is directed at persons who are professional, sophisticated or wholesale clients and has not been prepared for and is not intended for persons who are retail clients and must not be reproduced or transmitted in any form without the prior written consent of Acadian. This material contains general information only. It is not intended to provide you with financial product advice and does not take into account your objectives, financial situation or needs.

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