Acadian Geared Core Australian Equity Fund

ACADIAN

Quarterly Factsheet | **December 2025**

Features of the strategy

- This strategy aims to maximise long-term returns by using gearing to magnify returns from the underlying core Australian equity strategy†. The target gearing level for this fund is 55%, with a usual tolerance of 5%.
- 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 approach aims 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 an investment team of over 120 professionals across all strategies, sophisticated quantitative models that analyse 518 million data points daily, and a 39-year track record of delivering results through a proven systematic process.

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)	2.3	-4.6	3.3	14.2	-	-	-	10.0
Fund (Net)	2.1	-5.1	2.1	11.8	-	-	-	7.7
Benchmark Index	1.4	-0.9	4.1	10.7	-	-	-	8.3
Excess (Net - Index)	0.8	-4.2	-1.9	1.2	-	-	-	-0.6

Past performance is not a reliable indicator of future performance. Inception date is 18 November 2024.

Key Facts

Strategy Snapshot

A portfolio designed to maximise long-term returns by borrowing to invest in stocks on the ASX while carefully controlling portfolio risk and transaction costs.

Investment Objective

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

Benchmark Index[1]

S&P/ASX 300 (total)

Inception Date

18 November 2024

Number of Stocks

100 - 200

Fund Size

$351 million

Management Fee

0.98% (g) / 2.14% (n)

Buy/Sell Spread

0.05 - 0.20%

Distribution Frequency

Semi annually

Minimum Investment

$25,000 or platform minimum

APIR

FSF0453AU

Research Ratings

Lonsec "Recommended"[2]

† A geared fund will not always magnify gains (particularly in a low return environment) but will always magnify losses. Investors will therefore experience increased volatility (potentially large fluctuations up and down) in the value of their investment.

Performance Commentary

The portfolio underperformed its benchmark, the S&P/ASX 300 Accumulation Index , by -424 basis points for the quarter ending December 31, 2025. Key sources of negative active return included stock selection in consumer staples, materials, and communication services. Leading declines within these sectors included positions in Woolworths Group (underweight), Rio Tinto (underweight), and REA Group (overweight). Contributors included stock selection in financials, real estate and energy. Leading advances within these sectors in turn included overweight positions in ANZ, The GPT Group, and Viva Energy Group.*

Key Holdings[3]

Positive
Our overweight in South32 Ltd., was rewarded with 22 basis points of active return as share prices rose 31.4% over the quarter. The rally was underpinned by improved production across multiple operations, a strengthened balance sheet supported by equity-accounted asset distributions, and progress at Hermosa—now central to South32's long-term growth strategy. Operational performance showed notable consistency versus last year, with key assets such as Australia Manganese and Sierra Gorda posting significant volume gains.

Negative
Our underweight in Rio Tinto Ltd., cost the portfolio 22 basis points of active return as its share price rose 25.7% during the quarter. The rally was driven by robust iron ore and copper market conditions, underpinned by rising demand linked to global electrification trends. Additionally, Rio Tinto's strategic diversification into copper, aluminum, and lithium has reduced its reliance on iron ore, strengthening its resilience against potential market volatility.

Top 10 Stocks	Industry	%
COMMONWEALTH BANK OF AUSTRALIA	Banks	10.3
BHP GROUP LTD	Materials	8.7
AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED	Banks	5.1
WESTPAC BANKING CORP	Banks	4.7
NATIONAL AUSTRALIA BANK LTD	Banks	3.7
WESFARMERS LTD	Consumer Disc, Distr, Retail	3.3
CSL LTD	Pharma, Biotech & Life Sci	3.0
ARISTOCRAT LEISURE LTD	Consumer Services	2.3
MACQUARIE GROUP LTD	Financial Services	2.1
BRAMBLES LTD	Comm & Prof Services	2.1
Total		45.3

Industry Sectors	%
Financials	32.5
Materials	24.1
Industrials	8.2
Health Care	7.5
Consumer Discretionary	7.2
Real Estate	5.6
Energy	4.0
Communication Services	3.5
Consumer Staples	3.0
Information Technology	3.0
Utilities	0.7

Market Review

Australian equities (S&P/ASX 300 Accumulation Index) fell 0.9% in the fourth quarter of 2025, despite easing global trade tensions and resilient domestic demand. PE expansion continued to offer support, though its influence was notably weaker than in prior years. For the full year, the market posted its smallest annual gain since 2022—when it recorded a decline—as expectations of future rate hikes and stretched valuations capped returns relative to major global peers, which delivered strong double-digit gains. Resource stocks benefited from stable commodity prices, excluding oil, while broader market sentiment remained volatile amid persistent uncertainty around inflation and interest rates. Consumer confidence oscillated sharply, reflecting household caution, even as labour market conditions stayed robust with unemployment near historic lows.

Elevated valuations and sticky inflation kept the Reserve Bank of Australia (RBA) on hold at 3.6%, reinforcing expectations for a prolonged restrictive stance. Inflation remained above the RBA's 2–3% target range, driven by higher energy and housing costs, while core measures signaled entrenched price pressures. Risks tied to inflation and global volatility leave the RBA firmly dependent on future data releases, with markets now pricing only limited easing in 2026.

From a sector-wise perspective, information technology (down 23.7%) was the biggest detractor, followed by consumer discretionary (down 11.5%). Materials (up 13%) was the largest standout contributor.

Outlook and Strategy

Global equities advanced in Q4 2025, supported by accommodative monetary policy, easing U.S.–China trade tensions, and resilient earnings. Gains were anchored by two Federal Reserve rate cuts and AI-driven growth, though mid-quarter volatility reflected concerns over stretched valuations. Developed markets outperformed their emerging peers. Inflation moderated, prompting policy recalibration: the Fed turned dovish, the ECB held rates, and the Bank of England cut to 3.75%. In Asia, the Bank of Japan raised its policy rate to 0.75%, while the Reserve Bank of India eased to 5.25%. Gold surged past $4,000/oz amid geopolitical uncertainty, while crude prices slid.

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.

The OECD notes Australia's growth is strengthening and increasingly driven by the private sector. GDP is projected to accelerate from 1.8% in 2025 to 2.3% in both 2026 and 2027, reflecting a gradual closure of the output gap, low unemployment, and inflation near the RBA's target. Recent momentum, particularly in private investment, has exceeded expectations, raising capacity pressures. Inflation is expected to remain steady at 2.7% in 2026.

Platform Availability

- Colonial First State FirstChoice
- Colonial First State Edge

Fund Ratings

- Lonsec "Recommended"[2]

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Disclaimer and disclosures

1 S&P/ASX 300 (total). 2 The rating issued 20 October 2025 FSF0453AU 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, collective 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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