

Acadian Geared Core Australian Equity Fund



Quarterly Factsheet | **September 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 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)	-2.4	8.2	32.3	-	-	-	-	16.6
Fund (Net)	-2.5	7.7	30.9	-	-	-	-	14.5
Benchmark Index	-0.7	5.0	14.9	-	-	-	-	7.7
Excess (Net - Index)	-1.9	2.7	15.9	-	-	-	-	6.8

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 Index¹

S&P/ASX 300 (total)

Inception Date

18 November 2024

Number of Stocks

100 - 140

Fund Size

\$359 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 outperformed its benchmark, the S&P/ASX 300 Accumulation Index, by 2.67% for the quarter ending September 30, 2025. Key sources of positive active returns included a combination of stock selection and an underweight position in health care, and stock selection in consumer staples and real estate. Leading advances within these sectors included underweights in CSL, Woolworths Group, and Goodman Group. Detractors included a combination of stock selection and an underweight position in materials, a combination of stock selection and an overweight position in information technology, and stock selection in financials. Leading declines within these sectors included positions in Fortescue (underweight), Xero, and Commonwealth Bank of Australia.*

Key Holdings⁴

Positive

Our underweight to CSL Ltd., an Australian multinational specialty biotechnology company, was rewarded with 20 basis points of active return as share prices fell 14.3% over the quarter. The drop was mainly due to investor concern over its restructuring strategy, which included significant job cuts and the proposed demerger of its Seqirus vaccine business. Additional pressure came from underperformance in the Behring plasma division, setbacks in R&D such as the CSL112 trial, and lingering concerns around margin recovery and tariffs.

Negative

Our underweight to Fortescue Ltd., a global metal mining company, cost the portfolio 22 basis points of active return as its share price rose 15.1% during the quarter. The rise was fueled by strong iron ore prices, strong infrastructure demand from China, and record quarterly shipments totaling 46.1 million tons. Fortescue's ability to keep production costs low and revenue per ton high, supported profitability. Additionally, strategic acquisitions and progress in green energy projects boosted investor confidence.

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.

From a sector-wise perspective, materials (21.2%) was the best performing, followed by utilities (11.4%). Health care (-9.7%) was the worst performing sector.

Top 10 Stocks	Industry	%
COMMONWEALTH BANK OF AUSTRALIA	Banks	10.5
BHP GROUP LTD	Materials	8.1
WESTPAC BANKING CORP	Banks	4.9
AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED	Banks	4.7
NATIONAL AUSTRALIA BANK LTD	Banks	3.8
WESFARMERS LTD	Consumer Disc, Distr, Retail	3.4
CSL LTD	Pharma, Biotech & Life Sci	3.0
ARISTOCRAT LEISURE LTD	Consumer Services	2.6
MACQUARIE GROUP LTD	Financial Services	2.4
BRAMBLES LTD	Comm & Prof Services	2.2
Total		45.5

Industry Sectors	%
Financials	32.8
Materials	20.4
Industrials	8.3
Consumer Discretionary	8.0
Health Care	7.7
Real Estate	5.7
Information Technology	4.0
Energy	3.8
Consumer Staples	3.7
Communication Services	3.5
Utilities	0.7

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

- 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 16 October 2024 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. © 2025 Lonsec. All rights reserved. 3 Top contributing/detracting individual positions over the period as measured by basis point impact. 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