

ACADIAN WHOLESALE GEARED AUSTRALIAN EQUITY

MARCH 2024

The Acadian Wholesale Geared Australian Equity seeks to maximise long-term returns by borrowing to invest, predominantly in a selection of Australian companies within the S&P/ASX 300 Accumulation Index, while carefully controlling portfolio risk and transaction costs.

APIR Code	FSF0453AU
Inception Date	14 May 2018
Management Cost	0.96% / 2.07%
Buy / Sell spread	0.15/0.40%
Exit Unit Price	0.9844
Product Size	\$333 million
Benchmark	S&P / ASX 300 Accumulation Index

PERFORMANCE

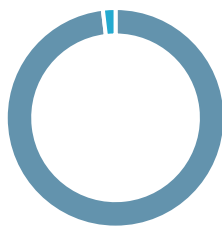
	FUND (GROSS)	FUND (NAV)	BENCHMARK	VALUE-ADDED VS. BENCHMARK
One-Month Return	5.5	5.3	3.3	2.0
Three-Month Return	11.1	10.6	5.4	5.1
Year-to-Date Return	11.1	10.6	5.4	5.1
One Year Annualized Return	17.9	15.4	14.4	1.0
Three Year Annualized Return	13.0	10.6	9.4	1.2
Five Year Annualized Return	11.0	8.7	9.1	-0.4
SINCE INCEPTION ANNUALIZED RETURN	8.9	6.6	7.4	-0.8
SINCE INCEPTION SHARPE RATIO	0.3	0.2	0.5	
SINCE INCEPTION BETA	1.8	0.5	1.0	

TOP TEN HOLDINGS

	% OF PORTFOLIO
BHP GROUP LTD	6.3
COMMONWEALTH BANK OF AUSTRALIA	4.8
AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED	3.7
QBE INSURANCE GROUP LTD	3.5
BRAMBLES LTD	3.5
MEDIBANK PVT LTD	3.1
CSL LTD	3.0
COLES GROUP LTD	3.0
COMPUTERSHARE LTD	2.9
ARISTOCRAT LEISURE LTD	2.9
NUMBER OF SECURITIES	107
% OF PORTFOLIO FOR TOP 10 CURRENT HOLDINGS	36.7
% OF NON-BENCHMARK PORTFOLIO HOLDINGS	1.4

CURRENT POSITIONING - REGION

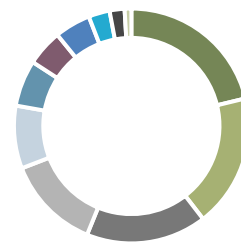
ABSOLUTE



■ AU/NZ	96.0%
■ NAM	1.8%

CURRENT POSITIONING - SECTOR

ABSOLUTE



■ FIN	20.8%
■ MAT	17.9%
■ IND	16.3%
■ STP	12.7%
■ HTH	8.5%
■ ENR	6.2%
■ COM	4.9%
■ DIS	4.8%
■ UTL	2.9%
■ TCH	2.0%
■ REI	0.9%

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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: Copyright © 2024, Standard & Poor's Financial Services LLC. All rights reserved.

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QUARTERLY REVIEW

Fund Performance and Activity

The fund returned 10.57% versus 5.43% for the S&P/ASX 300 Accumulation Index over the quarter. Key sources of positive active return included a combination of stock selection within and an underweight position to materials, a combination of stock selection within and an overweight position in industrials, and stock selection in energy. Detractors included a combination of stock selection within and an underweight position to real estate, a combination of stock selection within and an underweight position in consumer discretionary, and an underweight position in financials.

Key Holdings¹

Positive

Our underweight to resources giant BHP Group Ltd, was rewarded with 51 basis points of active return as the share price fell 10.5% over the quarter. The company has been impacted by declining iron ore prices and weakness in its nickel operations.

Negative

A lack of exposure to Goodman Group, a real estate company, cost the fund 54 basis points of active return as share prices rallied 31.9% in the period. The company has been benefiting from a large development pipeline and organic income growth.

Market Review

Australian equities (S&P/ASX 300 Accumulation Index) rallied 5.4% in Q1 2024 due to cooling inflation, hopes of a soft landing by the global economy and indications of rate cuts by major central banks. The Reserve Bank of Australia (RBA) held the rate steady at 4.35% throughout the period, due to easing inflation and signs that economic growth had slowed drastically, on high borrowing costs. The central bank acknowledged that while the CPI has continued to decline, progress has been slower than expected. Economists believe that the RBA will wait for further signs that inflation is cooling before cutting rates in the latter half of the year. While inflation remains above the RBA's target, the apex bank is confident that it will return to 2-3% range by 2025. While goods price inflation had softened during the period, strong domestic demand and cost pressures kept service inflation consistently high. Australia's manufacturing-sector woes continued in the first quarter, with the manufacturing PMI declining to 47.3 by the end of the quarter due to a sharp decline in output, high interest rates and declining export orders. Consumer confidence also remained low amid concerns about the near-term outlook for the economy. Fuel prices remained high, and household savings remained under pressure, due to high borrowing costs. On the labour-market front, data released in February showed that unemployment fell to its lowest level since September 2023, decreasing to 3.7%.

From a sector perspective, information technology (+23.6%) was the largest contributor, and real estate (+16.2%) the second largest. Materials stocks (-6.3%) fell the most during the period.

Outlook and Strategy

The global economy surpassed growth expectations in 2023 withstanding a number of headwinds, such as high inflation and central banks' monetary tightening. The momentum continued in the first quarter of 2024 on strong labor markets and cooling inflation.

The International Monetary Fund (IMF) believes that resilience in the U.S. and emerging market economies will drive global growth in the next two years. It expects the global economy to grow 3.1% in 2024 and 3.2% in 2025. With prices falling faster than expected in most regions, the global lending agency expects headline inflation to cool to 5.8% this year and to 4.4% in 2025.

On the upside, the likelihood of a hard landing has reduced due to disinflation and steady economic growth. Furthermore, as disinflation gains pace, financial conditions could ease further. However, a potential spike in commodity prices due to geopolitical uncertainties could prolong tighter monetary conditions. This may impact developed markets more as emerging markets started raising interest rates sooner and, thus, will likely have more room to cut rates to stimulate growth. The IMF expects growth in developed economies to slow to 1.4% in 2024 from 1.5% in 2023 due to the impact of monetary tightening, leaving a very small margin for policy error on the part of developed markets' central banks. In contrast, macroeconomic conditions for emerging markets have been improving marginally since end-2023, primarily due to resilient global growth and financial conditions easing. However, there is likely to be significant growth divergence across emerging-market economies. Growth is expected to moderate in countries that outperformed in 2023 – i.e., Brazil, Mexico, and India – due to the lagged effects of high interest rates and an eventual slowdown in the U.S. economy.

The U.S. Energy Information Agency (EIA) expects global demand for oil to grow in 2024, albeit at a slower pace. However, global oil production is likely to suffer due to OPEC+ extending crude oil production cuts, causing a significant reduction in oil inventories thus increasing oil prices. The EIA expects the Brent crude oil spot price to average \$88 per barrel in the second quarter. Furthermore, persistent uncertainty due to attacks targeting commercial ships crossing the Red Sea shipping channel could also lead to further escalation in oil prices.

Meanwhile, the Reserve Bank of Australia expects growth within the Australian economy to remain subdued in the near term as cost-of-living pressures and inflation continue to weigh on household consumption. However, consensus estimates are forecasting the RBA to cut its cash rate by 75bps in H2 2024.

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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