



Acadian Asset Management LLC Emerging Markets Portfolio

Quarterly Fund Review for the Second Quarter of 2016

Investment Objective

The objective of the portfolio is to provide diversified exposure to emerging markets equities and achieve a return in excess of standard capitalization-weighted emerging markets indices.

Review and Outlook

Emerging equity markets posted a modest gain in the second quarter. Brazil climbed as months of political tumult gave way to the impeachment trial of President Dilma Rousseff and acting President Michel Temer prepared to confront the country's economic downturn by enacting reforms. China's equity market posted modest gains as officials continued to manage the economy on a glide path of slowing growth – while early economic data showed some softness, there were signs of some stability in manufacturing data as well as a pickup in services activity late in the period. In contrast, markets in emerging Europe struggled. Notably, Turkey saw equity prices decline amid geopolitical unrest and terrorist attacks which threaten its important tourism industry.

Looking ahead, we believe returns for emerging equities will be supported through the balance of 2016, driven by attractive valuations and greater growth prospects.

Portfolio Structure

The portfolio was broadly invested across more than 20 emerging markets during the period, with a continued focus on attractively valued stocks with improving earnings growth, sustainable cash generation, and favorable price-based qualities. Entering the second quarter, key overweight positions, based on bottom-up stock selection combined with country valuation, included Korea, Turkey, Brazil, and India. China, Russia, and Taiwan were the portfolio's biggest underweight positions.

The portfolio's overweight position in Korea grew larger over the quarter. A market overweight in Turkey was reduced, while market underweights in Malaysia and Mexico were trimmed. Underweight positions in South Africa and Taiwan grew deeper. As of quarter-end, Korea, Brazil, Turkey, and India remained the biggest overweight positions. Meanwhile, China, Russia, and Taiwan remained the portfolio's largest underweight positions.

Portfolio Performance

The portfolio returned 1.09% in U.S. dollars for the three months ending June 30, 2016. A standard emerging markets index, such as MSCI Emerging Markets*, had a USD return of 0.80% for the period.

The portfolio was thus 29 basis points ahead of the benchmark, as gains realized from stock selection were enhanced by value added from country allocations. With regard to stock selection, the portfolio saw positive return from several markets, including China, Korea, and Indonesia. However, stock selection in South Africa and Taiwan was less successful. On the country allocation side, the portfolio realized the most value added from overweight positions in Brazil and Peru, along with a market underweight in Mexico. Overweight positions in Turkey and Poland detracted from these gains. Looking at sector allocations for the portfolio, in total these were flat for the period.

**Source of index returns: MSCI. Copyright 2016 MSCI.*

Performance data quoted represents past performance. Past performance does not guarantee future results. Annualized performance as of June 30, 2016 is: -14.56% (1 Year); -3.76% (Five Years) and 2.61% (10 Years). The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost and current performance may be lower or higher than the performance quoted. Total expense ratio for the fund is 1.50%. Shareholders may pay a redemption fee of 2% when they redeem shares held for less than 90 days. For performance data current to the most recent month end, please call 1-866-AAM-6161. The fund's benchmark was changed March 1, 2012 to the MSCI Emerging Markets Index. Prior to that, the benchmark had been the IFC Investable Index.

The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets.

Mutual fund investing involves risk including loss of principal. In addition to the normal risks associated with investing, international investments may involve risk of capital loss from unfavorable fluctuation in currency values, from differences in generally accepted accounting principles or from economic or political instability in other nations. Emerging markets involve heightened risks related to the same factors, in addition to those associated with their relatively small size and lesser liquidity. The fund is non-diversified.

To determine if this fund is an appropriate investment for you, carefully consider the fund's objectives, risk factors, charges, and expenses before investing. This and other information can be found in the fund's full and summary prospectuses, which can be obtained by calling 1-866-AAM-6161. Please read the prospectus carefully before investing.

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