

# SUSTAINABLE AUSTRALIAN EQUITY

September 2024

The Acadian Sustainable Australian Equity strategy seeks to maximise risk-adjusted, long-term active returns from a diversified portfolio of Australian securities whilst actively incorporating a range of socially responsible investment criteria. In addition to the ESG factors embedded throughout our alpha forecasting, some additional screens are implemented. These include reducing the carbon intensity of the portfolio by 20% relative to S&P/ASX 300 Index; excluding securities where it is deemed (by a third party provider) that greater than 5% of its revenue\* is derived from the production of tar sands oil; excluding securities with exposure to selective non-ethical industries, including screening out stocks that receive more than 5% of their revenue\* derived from the production of goods and services and greater than 50% for associated business activities: Adult Entertainment, Alcohol, Gambling. The strategy excludes companies manufacturing cluster munitions, landmines, chemical weapons, controversial weapons (including nuclear) and has no exposure to companies that are producers or manufacturers of tobacco (or tobacco alternatives) as defined by third party providers. The portfolio may still invest in companies with relatively high GHG emissions provided the portfolio level carbon intensity reduction and exclusion criteria described above is met.

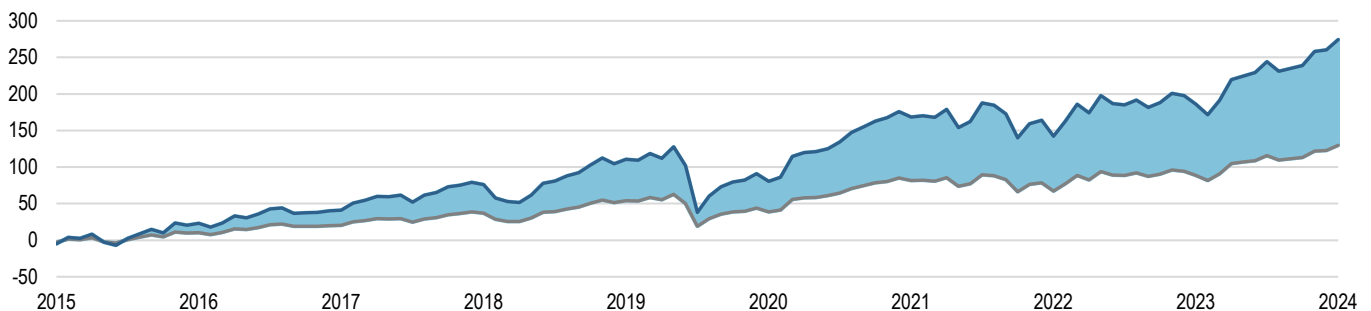
## COMPOSITE PERFORMANCE\*\*

Performance Inception Sep 1, 2015	COMPOSITE (GROSS)	COMPOSITE (NET)	S&P/ASX 300	VALUE-ADDED (GROSS) VS. BENCHMARK
One Month Return	3.0	3.0	3.1	-0.1
Three Month Return	8.6	8.4	7.8	0.8
Year-to-Date Return	14.1	13.7	12.3	1.8
One Year Annualized Return	24.5	24.0	21.7	2.8
Three Year Annualized Return	9.8	9.4	8.1	1.7
Five Year Annualized Return	9.8	9.3	8.3	1.5
SINCE-INCEPTION ANNUALIZED RETURN	10.8	10.3	9.6	1.2

■ Sustainable Australian Equity ■ S&P/ASX 300

## COMPOSITE CUMULATIVE PERFORMANCE\*\*

NET RETURNS (%)



\*Revenue is calculated by a third party ESG research provider.

\*\*Returns that include the most recent month are preliminary. RIAA's Certification Symbol signifies that Acadian Asset Management (Australia) Limited offers responsible investment products; has undertaken continuing professional development on responsible investment; and conducts inquiries regarding client concerns about environmental, social, governance or ethical issues. The Symbol also signifies that Acadian Asset Management (Australia) Limited has adopted the operational and disclosure practices required under the Responsible Investment Certification Program for the category of Investment Management Service. Acadian Asset Management (Australia) Limited is assessed against [Responsible Investment Standard](#) and [Assessment Note- Sustainability Classifications](#). The classification signifies the degree to which sustainability is a consideration and binding investment criteria. There may be material differences between the definition and methodology of RIAA's classification system and the way the terms 'Responsible'/'Sustainable'/'Sustainable Plus' are used by the product. Detailed information about RIAA, the Symbol and Acadian Asset Management (Australia) Limited can be found at [www.responsiblereturns.com.au](http://www.responsiblereturns.com.au) and in [RIAA's Financial Services Guide](#), together with details about other responsible investment products and services certified by RIAA. The Responsible Investment Certification Program provides general advice only and does not take into account any person's objectives, financial situation, or needs. Neither the Certification Symbol nor RIAA recommends to any person that any financial product is a suitable investment or that returns are guaranteed. Because of this, you should consider your own objectives, financial situation and if the advice relates to the acquisition, or possible acquisition, of a particular financial product. Certifications are current for 24 months and subject to change at any time. Acadian Asset Management LLC claims compliance with the Global Investment Performance Standards (GIPS®). GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. Reference to the benchmark is for comparative purposes only and is not intended to indicate that the composite 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. The complete performance disclosure can be found in the composite performance disclosure page attached. Index Source: Copyright © 2024, Standard & Poor's Financial Services LLC. All rights reserved.

## ASSETS UNDER MANAGEMENT

As of June 30

Strategy: \$AUD

**494.0 MILLION**

## PARAMETERS

Typical Portfolio

Carbon Reduction

**20% relative to BM**

Tracking Error

**1.5 - 2.5%**

Max Active Position

**1.25%**

Number of Holdings

**100 - 140**

## STRATEGY CHARACTERISTICS

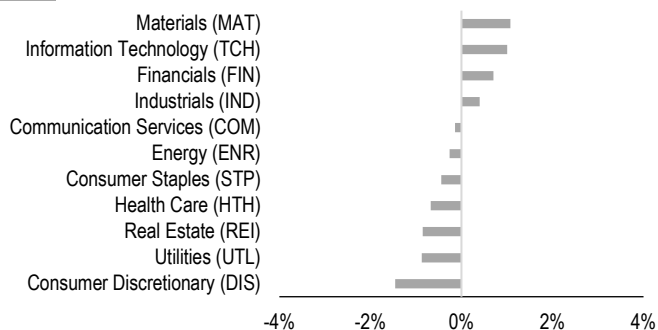
	SUSTAINABLE AUSTRALIAN EQUITY	S&P/ASX 300
<b>VALUATION</b>		
Price/Earnings	20.3	22.1
Price/Book	2.3	2.4
Price/Sales	1.8	2.3
Price/Cash Earnings	12.0	12.9
Yield	3.3%	3.4%
<b>SIZE BREAKDOWN</b>		
Top 20	54.6%	60.6%
21-50	17.1%	16.7%
51-100	16.3%	12.1%
101-200	7.5%	7.8%
201-300	2.0%	2.8%
Ex-Index	1.0%	0.0%
WEIGHTED AVERAGE (BLN)	81.3	83.7
MEDIAN (BLN)	4.2	2.5
ACTIVE SHARE OF PORTFOLIO (%)	31.0	

## TOP TEN HOLDINGS

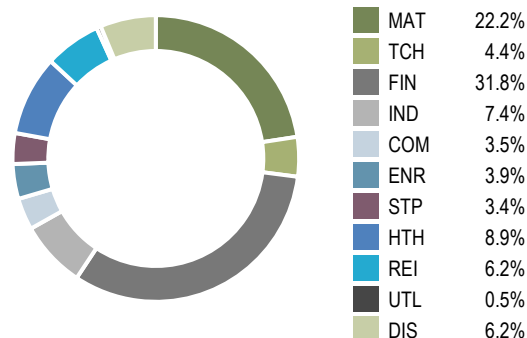
	% OF PORTFOLIO
BHP GROUP LTD	10.3
COMMONWEALTH BANK OF AUSTRALIA	8.5
WESTPAC BANKING CORP	5.1
AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED	4.7
CSL LTD	4.5
NATIONAL AUSTRALIA BANK LTD	3.6
MACQUARIE GROUP LTD	3.6
WESFARMERS LTD	2.6
BRAMBLES LTD	2.2
XERO LTD	1.8
NUMBER OF SECURITIES	133
% OF PORTFOLIO FOR TOP 20 CURRENT HOLDINGS	62.1
% OF NON-BENCHMARK PORTFOLIO HOLDINGS	1.0

## CURRENT POSITIONING - SECTOR

## ACTIVE



## ABSOLUTE



## ESG CONSIDERATIONS (DETAILED)

No exposure to companies that are producers or manufacturers of tobacco (or tobacco alternatives) and controversial weapons (including nuclear) as defined by third party providers.

### Alcohol, Gambling and Adult Entertainment

Restrict companies with more than 10% of revenues from these sources.

### Thermal Coal and Unconventional Oil & Gas

Restrict companies with more than 10% of revenues from these sources.

Companies involved in notable ESG controversies related to the company's operations and/or products, possible breaches of international norms and principles such as the UN Global Compact.

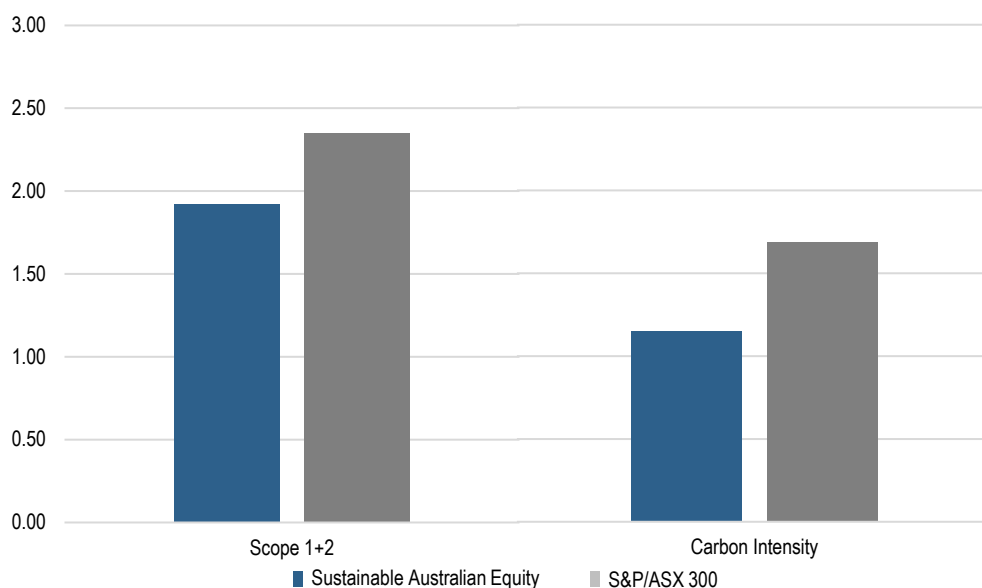
### Carbon Exposure Reduction

Restrict the portfolio's carbon emissions exposure by limiting the total portfolio weighted carbon intensity, and the total portfolio weighted carbon emissions, to a maximum of 80% relative to the MSCI World Ex Australia Index.

### Positive Environmental Tilts

Positive (at least 10% above the index using third party ratings) exposure to companies providing environmental solutions such as clean technologies and renewable energy.

## CARBON EXPOSURES



Scope 1: Direct emissions through the consumption of fossil fuels, includes industrial use, power generation and aircraft

Scope 2: Indirect emissions through consumption of purchased electricity

Carbon Intensity: (Scope 1 + Scope 2 / Sales)

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## RESTRICTION LIST

Top 10 Benchmark Names Excluded Under ESG Considerations	Benchmark Weight
ARISTOCRAT LEISURE LTD	1.5%
LOTTERY CORP LTD	0.5%
TREASURY WINE ESTATES LTD	0.4%
WASHINGTON H SOUL PATTINSON & CO LTD	0.3%
ENDEAVOUR GROUP LTD AUSTRALIA	0.3%
WHITEHAVEN COAL LTD	0.2%
METCASH LTD	0.2%
LIGHT & WONDER INC	0.1%
NEW HOPE CORP LTD	0.1%
YANCOAL AUSTRALIA LTD	0.1%

## ANNUAL PERFORMANCE DISCLOSURE – SUSTAINABLE AUSTRALIAN EQUITY

	Composite Return (%) Gross-of-Fees	Composite Return (%) Net-of-Fees	Benchmark Return (%)	Dispersion of Returns Within Composite (%)	Three-Year ex-Post Standard Deviation of Absolute Gross Returns		Number of Portfolios in Composite	Assets In Composite (\$MMs)	Total Firm Assets Under Management (\$MMs)
					Composite	Benchmark			
2015*	4.9	4.8	3.5	n/a	n/a	n/a	1	30	91,862
2016	12.4	11.9	11.8	n/a	n/a	n/a	1	64	102,435
2017	11.5	11.1	11.9	n/a	n/a	n/a	1	87	123,716
2018	-3.0	-3.4	-3.1	n/a	9.8	9.7	1	94	121,219
2019	24.7	24.2	23.8	n/a	8.8	8.5	1	167	144,010
2020	3.7	3.3	1.7	n/a	18.2	17.7	1	174	138,960
2021	20.1	19.6	17.5	n/a	17.4	16.9	1	352	159,769
2022	-0.4	-0.8	-1.8	n/a	19.9	19.5	1	344	136,838
2023	12.6	12.1	12.1	n/a	13.6	13.5	2	498	150,847

\*Performance Inception: September 1, 2015. This composite was created on: July 1, 2016. All figures stated in AUD.

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**Methodology:** Returns are net of foreign withholding taxes on dividends, interest, and capital gains. Since January 1, 2010 Acadian's methodology was augmented to produce a more accurate gross return figure by eliminating modest cash flows such as securities lending income and custodial fees which are regarded as independent of the investment management process; the reinvestment of all income and trading expenses continue to be included. Monthly composite results are asset-weighted by beginning-of-month asset values of member portfolios which are geometrically linked to arrive at the annual composite return. Net-of-fee performance is calculated on a monthly basis by deducting a model management fee equal to 1/12 of the highest annual management fee listed in the standard fee schedule for accounts shown below. The standard fee schedule for accounts managed with this product is 0.4% on assets managed. The combined, all-in maximum fee that includes management and operating expenses for the TSA Equity Fund 1, which is included in the composite, is 0.50% on all assets. Management fees may vary according to the range of services provided, investment performance, and the amount of assets under management. Constituent portfolios are included from the first full month after inception to the present or the last full month prior to cessation of the client relationship with the firm. For example, an account that opened January 15, 2019 will be included beginning February 1, 2019. An account that terminated February 12, 2019 will be included through January 31, 2019. Policies for valuing investments, calculating performance, and preparing GIPS reports are available upon request.

**Dispersion and Standard Deviation:** Acadian's broad definitions are mainly the product of a highly customized process that may result in modest differences with regards to portfolio characteristics among constituents. All accounts managed with directly comparable investment objectives are included, though it's possible for members to utilize slightly different benchmarks in optimization and reporting. Although at times dispersion among constituents may be high, the long-term forecast for each portfolio is consistent with the overall composite. The 'Dispersion' statistic presented above uses gross of fee returns and is an annual, asset-weighted standard deviation calculation performed only on those portfolios who have been members for the entire calendar year. These figures are not applicable if there is only one portfolio in the composite for the full year. Thirty-six months are required to calculate the 'Three Year ex-Post Standard Deviation' statistic. These figures are not applicable if thirty-six months of composite returns are not available.

**Composite Description:** This composite invests in Australian equities with a focus on companies that exhibit socially responsible characteristics. These include companies with prudent management behaviors with respect to external transparency, internal controls, and compliance with international norms on environment, human rights, labor rights, corruption and inhumane weapons. The strategy also seeks to reduce carbon emission exposure relative to the Australian market. As of April 1, 2019 this composite was renamed from "Australian Equity (Socially Responsible)." Complete lists of the firm's composite descriptions, limited distribution pooled fund descriptions, and broad distribution funds are available upon request.

**Benchmark Description:** The benchmark for the composite is S&P/ASX 300 Accumulation Index. The S&P/ASX 300 is a float-adjusted market capitalization index that is designed to measure the broad equity market performance of up to 300 of Australia's largest securities by market capitalization. This is an accumulation index which assumes the reinvestment of dividends to measure both growth and dividend income.

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<sup>1</sup>Ashland Partners verified Acadian's GIPS Compliance claim through March 31, 2017. ACA Compliance Group acquired Ashland's GIPS Verification unit and provided subsequent verifications.

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