

ACADIAN GEARED CORE AUSTRALIAN EQUITY FUND¹

DECEMBER 2024

The Acadian Geared Core Australian Equity Fund 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. The fund aims to outperform the S&P/ASX 300 Accumulation Index over rolling seven-year periods before fees and taxes.

APIR Code	FSF0453AU
Inception Date	18 November 2024
Management Cost	0.98% (g) / 2.14% (n)
Buy / Sell spread	0.05 - 0.20%
Exit Unit Price	0.9638
Product Size	\$324 million
Benchmark	S&P/ASX 300 (total)

PERFORMANCE

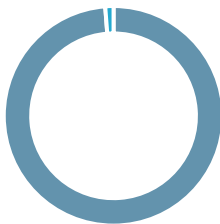
	FUND (GROSS)	FUND (NAV)	BENCHMARK	VALUE-ADDED VS. BENCHMARK
One-Month Return	-6.7	-6.9	-3.1	-3.6
SI Cumulative Return	-2.6	-2.9	-1.3	-1.3

TOP TEN HOLDINGS

	% OF PORTFOLIO
COMMONWEALTH BANK OF AUSTRALIA	10.6
BHP GROUP LTD	9.0
CSL LTD	4.4
AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED	4.4
WESTPAC BANKING CORP	3.9
NATIONAL AUSTRALIA BANK LTD	3.5
ARISTOCRAT LEISURE LTD	2.9
MACQUARIE GROUP LTD	2.8
GOODMAN GROUP	2.6
BRAMBLES LTD	2.2
NUMBER OF SECURITIES	137
% OF PORTFOLIO FOR TOP 10 CURRENT HOLDINGS	46.4
% OF NON-BENCHMARK PORTFOLIO HOLDINGS	1.6

CURRENT POSITIONING - REGION

ABSOLUTE



AU/NZ	97.7%
NAM	1.2%

CURRENT POSITIONING - SECTOR

ABSOLUTE



FIN	31.9%
MAT	19.5%
IND	9.3%
HTH	8.5%
DIS	8.0%
REI	5.2%
TCH	4.1%
ENR	4.0%
STP	4.0%
COM	3.8%
UTL	0.5%

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This strategy is accessible through a fund. Colonial First State Investments Limited is the responsible entity for this fund, ABN 98 002 348 352 AFS Licence 232468. Please refer to the latest Product Disclosure Statement and Target Market Determination document available on the following website <http://www.colonialfirststate.com.au> for the terms and conditions of investing into the fund.

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 © 2025, Standard & Poor's Financial Services LLC. All rights reserved.

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QUARTERLY REVIEW

Fund Performance and Activity

The portfolio underperformed its benchmark, the S&P/ASX 300 Accumulation Index, by 1.3% since inception (18 November 2024) till the period ending December 31, 2024. Key sources of positive active return included stock selection in information technology and health care, and a combination of stock selection and an overweight position in industrials. Detractors included stock selection in communication services and financials, and an underweight position in utilities.

Key Holdings²

Positive

Our overweight to Technology One Ltd., a developer of integrated enterprise software solutions, was rewarded with 20 basis points of active return as share prices rose 68.5% over the quarter. The company continues to benefit from a strong sales pipeline, ambitious investments in R&D, strategic investments in the UK, as well as the addition of new products and modules, such as DxP, App Builder and SaaS+.

Negative

Our overweight to ANZ Group Holdings Ltd., cost the portfolio 11 basis points of active return as share prices fell slightly in the period. Global uncertainty and challenging macroeconomic conditions in Australia have created a tough operating environment for the company. Its share price has also been hindered from the impacts of the acquisition of Suncorp's banking business earlier in 2024.

Market Review

Australian equities (S&P/ASX 300 Accumulation Index) fell 0.8% in Q4 2024 to end an otherwise exceptional year on a low, as high interest rates and geopolitical tensions took a toll on the Australian economy. However, tax deregulation prospects following the US elections in November offered some support to the market.

While the US Federal Reserve (Fed) slashed rates twice in the quarter, the Reserve Bank of Australia (RBA) left rates unchanged, as inflation, although cooling, remained above its target. The RBA decided to leave the cash rate on hold at 4.35% during the last meeting, a level it has been at since November 2023. However, the RBA took a more dovish stance in the accompanying statement, given the weak economic activity and slowing inflation. This softening in the RBA's tone resulted in markets pricing in a rate cut in February 2025. The RBA believes that its restrictive monetary policy was working as anticipated, with inflation cooling to the target level. The central bank expects growth in household consumption to increase with the rise in income growth.

Australia's consumer confidence fell 2% by the end of the quarter before settling at 92.8 points in December, reversing the positive momentum from the previous months. Consumers' outlook on the Australian economy remained bleak after GDP growth weakened in Q3, sparking fears of job losses amid inflationary concerns. Meanwhile, views on economic conditions for the next 12 months slipped to 91.2, while unemployment expectations rose. Despite the overall pessimism, consumers remained confident about the current conditions of the economy, highlighting that the economy has remained in better shape vs a year ago.

From a sector-wise perspective, materials (-11.8%) was the largest detractor, followed by real estate (-6.1%). Financial stocks (+5.9%) gained the most during the period.

Outlook and Strategy

The global economy ended the last quarter of 2024 on a high note. Lower inflation and declining wages led central banks to continue cutting interest rates. However, markets also grappled with uncertainty around the incoming Trump administration's trade policies. The Fed reduced rates twice during the period, lowering the federal funds rate to between 4.25% and 4.5%. In Asia, the Bank of Japan (BoJ) decided to tread cautiously on rate hikes amid uncertainty around U.S. President-elect Donald Trump's future economic policies. While the Chinese markets suffered somewhat due to concerns over potential U.S. tariffs on Chinese goods, anticipation of fresh stimulus measures from the Chinese government reversed some of the losses at the end of the quarter.

The Organisation for Economic Co-operation and Development (OECD) believes the global economy will remain resilient in the face of macroeconomic challenges in 2025. Economic growth is likely to stabilize. Concerns over interest rates decreased with central banks cutting rates amid falling inflation, which is now back to central-bank targets in most major economies. Labor markets have also eased, although unemployment rates remain near historical lows. The OECD raised its growth outlook for the global economy recently, estimating growth of 3.2% in 2024 and expecting the global economy to grow 3.3% year-over-year both in 2025 and 2026.

Meanwhile, inflation in the OECD economies is expected to ease further, to 3.8% in 2025 and 3.0% in 2026 from 5.4% in 2024, as monetary policies remain restrictive in most economies. Headline inflation is likely to continue falling, led by significant declines in food, energy, and goods price inflation.

The US Energy Information Agency (EIA) expects global oil production to increase by 1.6 million barrels per day in 2025, close to 90% of which is expected to be from non-OPEC+ countries. This is due to the continued production restraint announced by OPEC+. At its December 5 meeting, the body announced it would delay production increases until April 2025. The EIA expects the Brent crude oil spot price to average \$74/b in 2025 as oil markets are anticipated to remain balanced. However, persistent geopolitical tensions, particularly in the Middle East, remain a potential risk.

Meanwhile, the OECD projects Australia's GDP to grow 1.9% and 2.5% in 2025 and 2026, respectively. Australia's economy will likely recover gradually in 2025, after experiencing the slowest growth in 32 years in 2024 due to sticky core inflation and high interest rates. Inflation has been slowly easing; however, stagnant labor productivity growth due to weakening demand may keep inflation high. The Reserve Bank of Australia believes growth in household consumption will rise as income growth increases in 2025.

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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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