

ACADIAN GLOBAL MANAGED VOLATILITY EQUITY FUND - CLASS A

SEPTEMBER 2024

The Acadian Global Managed Volatility Equity Fund - Class A seeks to provide returns similar to those of a global equity index, but with significantly lower absolute volatility and superior downside protection, over the longer term. Limiting absolute risk has the potential to allow investors to compound wealth more efficiently and steadily than traditional capitalisation weighted indices. The option aims to perform in line with the MSCI All Country World Index over rolling three-year periods before fees.

APIR Code	FSF1240AU
Inception Date	19 January 2012
Management Cost	0.63%
Buy / Sell spread	0.05/0.05%
Exit Unit Price	1.6997
Product Size	\$290 million
Benchmark	MSCI All-Country World Index

PERFORMANCE

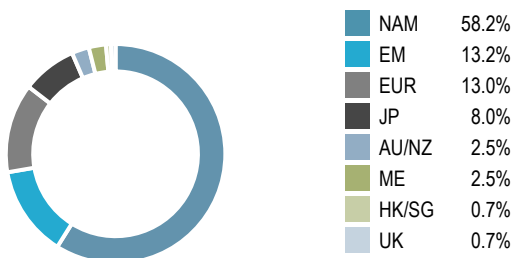
	FUND (GROSS)	FUND (NAV)	BENCHMARK	VALUE-ADDED VS. BENCHMARK
One-Month Return	-0.6	-0.7	0.1	-0.7
Three-Month Return	4.4	4.2	2.6	1.6
Year-to-Date Return	14.9	14.4	16.7	-2.4
One Year Annualized Return	17.4	16.7	22.6	-5.8
Three Year Annualized Return	10.8	10.2	9.6	0.6
Five Year Annualized Return	8.9	8.2	11.6	-3.3
Ten Year Annualized Return	10.7	10.1	11.9	-1.9
SINCE INCEPTION ANNUALIZED RETURN	12.9	12.2	13.9	-1.7
SINCE INCEPTION SHARPE RATIO	1.3	1.3	1.2	
SINCE INCEPTION BETA	0.7	0.7	1.0	

TOP TEN HOLDINGS

	% OF PORTFOLIO
APPLE INC	2.6
MICROSOFT CORP	1.8
NVIDIA CORP	1.7
ALPHABET INC	1.6
WALMART INC	1.5
AGRICULTURAL BANK OF CHINA LTD.	1.5
CHECK POINT SOFTWARE TECHNOLOGIES LTD	1.4
COLGATE-PALMOLIVE CO	1.4
MARSH & MCLENNAN COS INC	1.4
PROCTER & GAMBLE CO	1.4
NUMBER OF SECURITIES	402
% OF PORTFOLIO FOR TOP 10 CURRENT HOLDINGS	16.0
% OF NON-BENCHMARK PORTFOLIO HOLDINGS	27.3

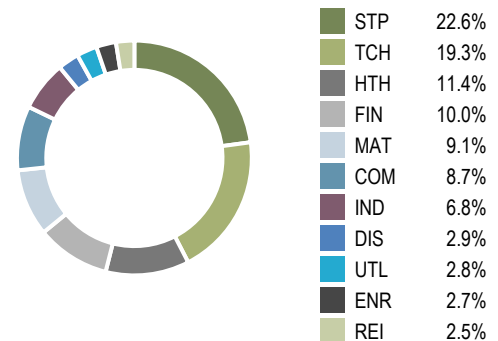
CURRENT POSITIONING - REGION

ABSOLUTE



CURRENT POSITIONING - SECTOR

ABSOLUTE



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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: MSCI Copyright MSCI 2024. All Rights Reserved. Unpublished. PROPRIETARY TO MSCI.

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QUARTERLY REVIEW

Market Review

Global equities climbed 4.7%, ending the third quarter on a high after building on momentum from the second quarter. After a mid-quarter slump, equity markets recovered when the U.S. Federal Reserve (Fed) slashed rates for the first time in four years and, later in the quarter, when the Chinese government announced a slew of stimulus measures to boost its economy and prop up the real estate sector. Chinese stocks surged after the announcement, outperforming all the major markets by the end of Q3. This late surge contributed to emerging markets outperforming their developed counterparts. In September, the European Central Bank (ECB) cut interest rates for a second time this year as inflation eased toward its target. The combination of cooling inflation and accommodative monetary policies renewed hopes of a potential soft landing in developed economies. In Asia, however, the Bank of Japan's (BoJ's) hawkish stance along with the unwinding of the yen carry trade, placed downward pressure on Japanese equities, leading to underperformance.

Fund Performance and Activity

The portfolio outperformed its benchmark¹ by 176 basis points for the quarter ending September 30, 2024. Stock selection and an underweight position in information technology contributed 123 basis points, led by an underweight position in Microsoft. Meanwhile, a combination of stock selection and an overweight position in consumer staples contributed 93 bps, owing primarily to an overweight in Clorox. This was partially offset by 44 basis points of negative returns from stock selection and an underweight position in industrials, driven by an exposure to Waste Management.*

Approximately 36% of the portfolio was held in the lowest beta stocks, compared to roughly 11% for the Index. The portfolio's allocation to the lowest beta quintile contributed 123 basis points; however, losses from stock selection within this quintile (36 basis points) offset these returns to yield a net contribution of 87 basis points.

Key Holdings²

Positive

- Our underweight to Microsoft Corp, a developer and provider of software, services, devices and solutions, was rewarded with 24 basis points of active return as share prices fell 22.3% during the quarter. Microsoft shares have not been able to recover after falling post the IT outage triggered by a Windows-related software update at CrowdStrike. Furthermore, valuation concerns, mixed earnings results, and stiff competition in the AI space have added to the company's woes.

Negative

- Our overweight to McKesson Corp., a provider of healthcare services, cost the portfolio 27 basis points of active return as share prices fell 15% during the quarter. Reduced demand for Covid test kits and related products as well as McKesson's arthritis treatment drug, Humira, has been weighing on its stock. Shares were also down after the company agreed to sell its Rexall and Well.ca businesses, both based in Canada, to Birch Hill Equity Partners.

Outlook and Strategy

The global economy ended the second quarter of 2024 on a strong note as concerns over inflation and interest rates abated and hopes of a soft landing were revived. The momentum continued into the third quarter, buoyed by steadily slowing inflation and the beginning of the rate cut cycle by major central banks. The U.S. Federal Reserve (Fed) finally slashed rates by 50bps after holding steady for 13 months. Marking the first cut since March 2020, the decision lowered the federal funds rate to 4.75-5.0%. In China, the government announced the biggest stimulus package in years to shore up the country's ailing economy. The People's Bank of China slashed interest rates by 20bps and its reserve requirement ratio by 50bps to boost loan demand.

The Organisation for Economic Cooperation and Development (OECD) believes that the global economic growth is in the process of stabilizing as concerns over interest rates ease with central banks' reducing rates and falling inflation, boosting household incomes. The OECD raised its growth outlook for the global economy recently, expecting it to grow 3.2% year-over-year both this and next year. The Paris-based organization had earlier projected the global economy to grow 3.1% in 2024. As central banks continue to lower rates, the lagged impact of monetary tightening will likely gradually fade. Additionally, falling inflation will likely boost consumer spending going forward. The OECD believes that if oil prices continue to fall, global headline inflation could drop 50bps more than it anticipated earlier.

Experts believe that a soft landing is in sight for the West. With fears of a new surge in inflation receding, central banks may cut rates more aggressively than previously thought. Consequently, looser monetary policies and a rally in real income growth are expected to remain the key growth drivers in advanced economies. However, emerging markets may suffer from a structural slowdown in China.

The U.S. Energy Information Agency expects oil inventories to fall in the fourth quarter of 2024 because of the recent announcement by OPEC+ to delay production increase until December. It expects Brent crude oil spot price to average \$82/b in the fourth quarter and \$84/b in 2025. Persistent uncertainty, due to geopolitical tensions, particularly in the Middle East, will likely lead to further hikes in oil prices. However, weak oil demand from China will likely remain a drag.

¹MSCI All-Country World (net) from 2013-01-15, MSCI World (net) 2012-01-18 to 2013-01-14. ²Top 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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