

# ACADIAN GEARED GLOBAL EQUITY FUND

MARCH 2025

The Acadian Geared Global Equity Fund seeks to maximise risk-adjusted, long term returns by borrowing to invest in stocks from around the world, while carefully controlling portfolio risk and transaction costs. The portfolio incorporates a range of Environmental, Social and Governance (ESG) investment criteria and reduces exposure to carbon intensive companies relative to the benchmark. The option aims to outperform the MSCI World (ex Australia) Index over rolling seven-year periods before fees and taxes. The portfolio may still invest in companies with relatively high GHG emissions provided the portfolio level carbon exposure reduction and exclusion criteria described on this page is met.

## PERFORMANCE

	FUND (GROSS)	FUND (NAV)	BENCHMARK	VALUE-ADDED VS. BENCHMARK
One-Month Return	-14.7	-14.9	-4.7	-10.3
Three-Month Return	-10.1	-10.7	-2.4	-8.3
Year-to-Date Return	-10.1	-10.7	-2.4	-8.3
One Year Annualized Return	9.4	6.5	12.2	-5.7
Three Year Annualized Return	18.4	15.3	14.6	0.7
Five Year Annualized Return	32.7	29.3	15.7	13.5
Ten Year Annualized Return	19.4	16.4	11.8	4.6
SINCE INCEPTION ANNUALIZED RETURN	12.3	9.8	8.6	1.2

<b>APIR Code</b>	FSF0891AU
<b>Inception Date</b>	16 April 2007
<b>Management Cost</b>	1.23%(g) / 2.69%(n)
<b>Buy / Sell spread</b>	0.05 – 0.15%
<b>Exit Unit Price</b>	1.1491
<b>Product Size</b>	\$1 billion
<b>Benchmark</b>	MSCI World ex-Australia Index

## PARAMETERS

### Typical Portfolio

Carbon Reduction

**80% BM**

Tracking Error

**3 – 4%**

Max Active Position

**2.25%**

Number of Holdings

**200 – 400**

Exclusions:

No exposure to Tobacco (or tobacco alternatives) production & Controversial Weapons (including nuclear)

Fossil Fuel Companies considered to be climate transition laggards and UN Global Compact violators

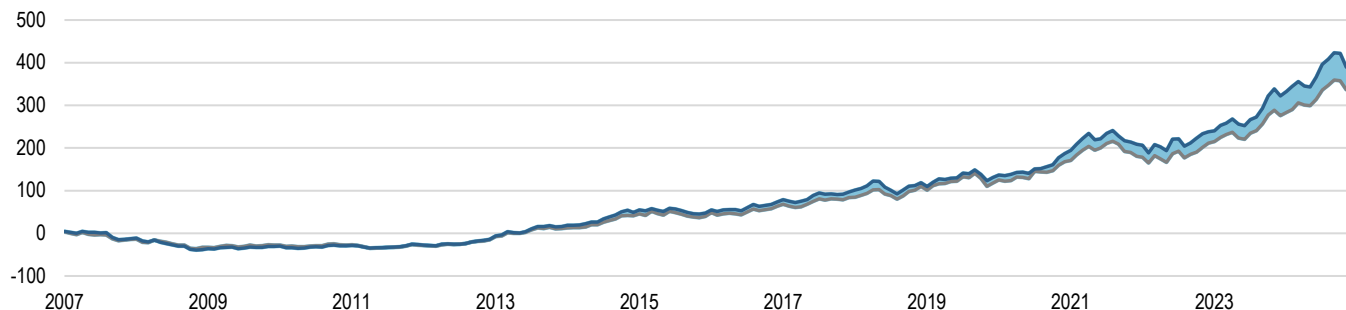
(>5% revenue)

Production of Alcohol, Gambling, Adult Entertainment, Conventional Weapons, Thermal Coal Mining and Unconventional Oil & Gas

■ FUND ■ MSCI WORLD EX AU (NET)

## CUMULATIVE PERFORMANCE\*

### NET RETURNS (%)



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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 2025. All Rights Reserved. Unpublished. PROPRIETARY TO MSCI.

## FUND CHARACTERISTICS

	GEARED GLOBAL EQUITY FUND	MSCI WORLD EX AU
<b>VALUATION</b>		
Price/Earnings	18.9	21.5
Price/Book	3.0	3.4
Price/Sales	2.2	2.3
Price/Cash Earnings	12.2	14.0
Yield	1.7%	1.8%
<b>MARKET CAP</b>		
Large > A\$80.2B	73.2%	76.0%
Med/Large A\$32.1-A\$80.2	8.3%	15.8%
Medium A\$16-A\$32.1	6.0%	6.3%
Med/Small A\$4.8-A\$16	8.8%	2.0%
Small < A\$4.8	2.6%	0.0%
WEIGHTED AVERAGE (B)	919.0	1058.8
MEDIAN (B)	3.0	37.3
ACTIVE SHARE OF PORTFOLIO (%)	69.3	

## TOP TEN HOLDINGS

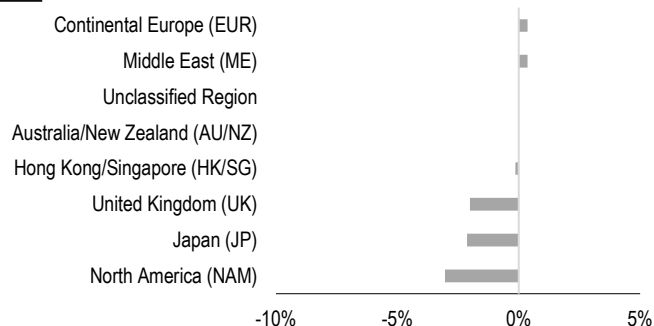
	% OF PORTFOLIO
AMAZON.COM INC	4.5
NVIDIA CORP	4.3
APPLE INC	3.4
ALPHABET INC	2.6
ROCHE HOLDING AG	2.5
CITIGROUP INC	2.5
BOOKING HOLDINGS INC	2.3
COLGATE-PALMOLIVE CO	2.2
MASTERCARD INC	2.1
META PLATFORMS INC	2.0
NUMBER OF SECURITIES	373
% OF PORTFOLIO FOR TOP 20 CURRENT HOLDINGS	45.2
% OF NON-BENCHMARK PORTFOLIO HOLDINGS	13.0

## ALLOCATION TO SUSTAINABLE INVESTMENTS

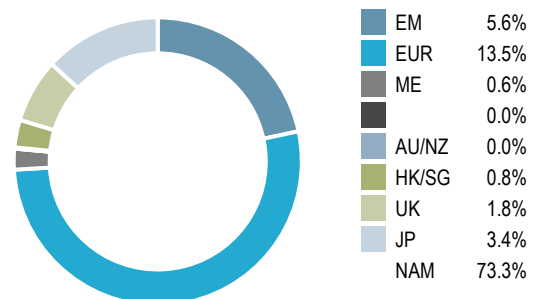
GEARED GLOBAL EQUITY	52.16%
MSCI WORLD EX AU	47.37%

## CURRENT POSITIONING - REGION

## ACTIVE

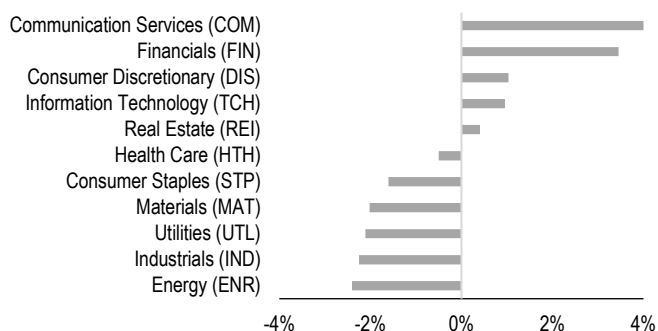


## ABSOLUTE

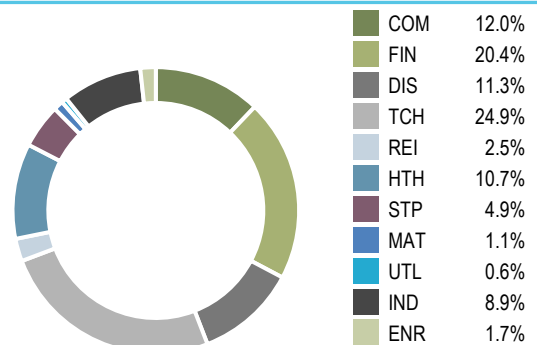


## CURRENT POSITIONING - SECTOR

## ACTIVE



## ABSOLUTE



\*Companies that derive more than 20% revenue from products and services that align with the UN SDGs. Portfolio holdings are subject to change and should not be considered a recommendation to buy or sell individual securities. The data presented here is for a representative portfolio and is supplemental to the composite performance disclosure page attached. 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 returns.

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## 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, Conventional Weapons, Adult Entertainment, Thermal Coal Mining and Unconventional Oil & Gas

Restrict companies with more than 5% of revenue from the production of related products.

**Fossil Fuel Companies considered to be Climate Transition Laggards**

Restrict companies with more than 10% of revenue from the extraction and production of oil & gas or power generation associated with fossil fuels that appear (using a proprietary classification model) unwilling or unable to transition to a low carbon economy.

**Companies that violate the UN Global Compact**

Restrict companies, considered by third-party providers, to have business practices that violate the UN Global Compact, for example, those involved in very severe ESG controversies such as human rights abuses or corruption.

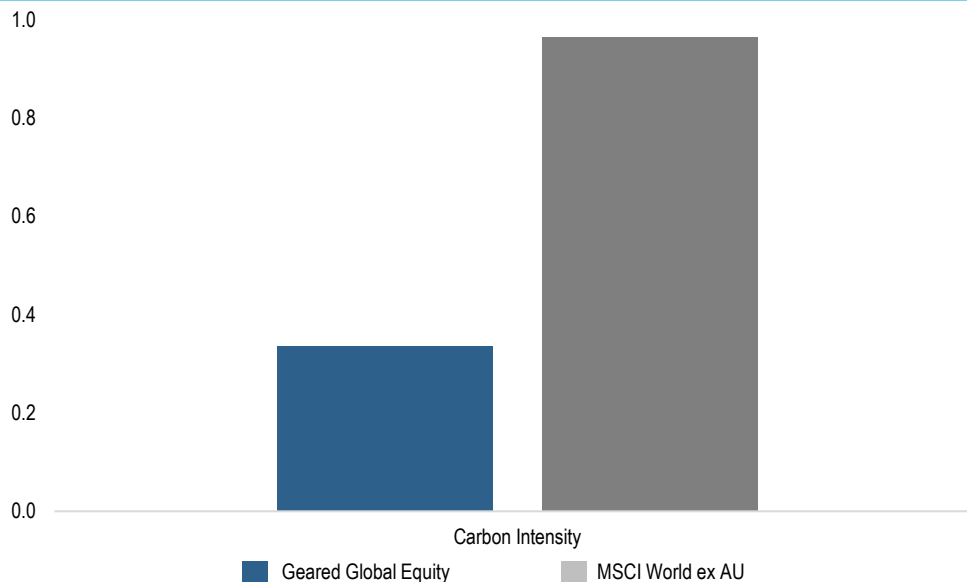
**Carbon Exposure Reduction**

Restrict the portfolio's active carbon (scope 1 + 2) emissions exposure by limiting the total portfolio weighted average carbon intensity (WACI) to a maximum of 80% relative to the MSCI World Ex Australia Index. The portfolio will also reduce the maximum allowable WACI exposure systematically over time. This involves an upfront WACI reduction relative to the benchmark such that it is no more than 80% of the WACI of the benchmark at 31st December 2020 and an annual absolute WACI reduction of 7% p.a.

**Positive Environmental & Social Exposure**

Positive (at least 1.1x exposure of the index using a proprietary model) active exposure to companies that contribute to environmental objectives (such as water use, clean energy, climate action) and social objectives (such as alleviation of poverty and hunger, good health and wellbeing, promotion of education, gender equality). Contribution to these objectives is measured via an issuer's revenue alignment to UN SDGs (United Nations Sustainable Development Goals)

## 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
PHILIP MORRIS INTERNATIONAL INC	0.4%
BOEING CO	0.2%
AIRBUS SE	0.2%
ALTRIA GROUP INC	0.2%
LOCKHEED MARTIN CORP	0.1%
BRITISH AMERICAN TOBACCO PLC	0.1%
CANADIAN NATURAL RESOURCES LTD	0.1%
DIAGEO PLC	0.1%
ANHEUSER-BUSCH INBEV SA NV	0.1%
SUNCOR ENERGY INC	0.1%

# ACADIAN GEARED GLOBAL EQUITY FUND

## QUARTERLY REVIEW

### Fund Performance and Activity

The portfolio underperformed its benchmark<sup>1</sup> by 830 basis points for the quarter ending March 31, 2025. Contributing returns from country allocations were offset by negative payoffs from stock selection. Key sources of negative active return included a combination of stock selection and underweight positions in Germany, Japan, and the United Kingdom. Leading declines within these markets respectively included holdings in Adidas, Recruit Holdings, and Atlassian. Contributors included an opportunistic exposure to China, an overweight position in Sweden, and a combination of stock selection and an underweight position in Denmark. Leading advances within these markets in turn included positions in China Construction Bank and Spotify Technology, and a lack of exposure to Novo Nordisk.\*

### Key Holdings<sup>2</sup>

#### Positive

Our overweight to Roche Holding AG, a Swiss multinational holding healthcare company was rewarded with 35 basis points of active return as share prices rose 17.8% during the quarter. The company has seen gains from regulatory approvals for multiple new drugs, strengthening its product lineup, along with strategic partnerships and collaborations. Additionally, the growth in demand for the eye treatment drug Vabysmo and the cancer drug Phesgo has further driven the stock's performance.

#### Negative

Our overweight to Alphabet Inc. cost the portfolio 25 basis points of active return as share prices declined 17% in the period. The company has struggled to expand its infrastructure quickly enough to meet the extremely high demand for its AI services, which has negatively impacted Google Cloud's sales. Additionally, significant capital expenditures and concerns over the global trade war have been major challenges for the stock.

### Market Review

In Q1 2025, global equity markets experienced significant volatility amid a complex macroeconomic backdrop, falling 2.7% in the period. The frequent changes and announcements regarding tariffs created an atmosphere of uncertainty, rattling the markets and giving rise to fears of a recession. February saw the introduction of new tariffs on imports from Mexico, Canada, and China, which set the stage for continued market turbulence in March. The U.S. administration further announced tariffs on steel, aluminum, and automobiles, causing increased economic instability. Despite these headwinds, European markets remained resilient, driven by a boost in defense spending. Emerging markets outperformed the developed markets, led by strong performances from Chinese and Korean stocks. China's economy performed well, with strong retail sales and industrial output supporting asset markets. In response to the rising uncertainty, investors moved toward safe-haven assets, driving gold prices sharply higher toward the end of the quarter.

### Outlook and Strategy

Global markets opened the year on a positive footing, buoyed by initial optimism surrounding President Trump's second term. However, sentiment quickly shifted as markets reacted negatively to a series of policy announcements from the administration, particularly the rollout of new tariff measures. Much of the first quarter of 2025 was overshadowed by escalating trade tensions and fears of a broader trade war. In February, the U.S. imposed a 10% tariff on a range of Chinese imports, which was followed by an increase to 20% in March. In response, China levied retaliatory tariffs on a variety of U.S. goods—including energy—and introduced export restrictions on certain critical minerals. Additional friction arose as the U.S. extended 25% tariffs to Canadian and Mexican imports. Toward the end of the quarter, fresh announcements of 25% levies on imported automobiles and car parts further unsettled global markets.

The Organisation for Economic Co-operation and Development (OECD) expects global GDP growth to decelerate modestly from 3.2% in 2024 to 3.1% in 2025, and 3.0% in 2026. Recent indicators suggest a weakening global outlook, with both business and consumer confidence softening across multiple regions. The potential fragmentation of the global economy remains a key headwind to global economic growth. Furthermore, concerns over high trade barriers in many G20 economies and increased policy uncertainty are likely to continue to weigh on business investment and household spending this year.

The OECD also expects inflation to remain a pressing concern in many economies, with headline inflation rising again in several economies. While it projects overall inflation to remain higher than anticipated, prices are likely to moderate as economic growth slows. In the G20 economies, headline inflation is forecast to drop from 3.8% in 2025 to 3.2% in 2026. However, the underlying inflation is projected to stay above central bank targets in many countries in 2026.

The International Monetary Fund (IMF) believes that even a 10% rise in U.S. tariffs and the resulting reciprocal levies from the euro region and China are likely to reduce U.S. GDP by roughly 1% and global GDP by 0.5% by 2026. Experts opine that more than half of this decline would be driven by the negative sentiment related to increasing uncertainty around trade policies.

The U.S. Energy Information Administration (EIA) expects global oil inventories to contract in the second quarter of 2025, largely due to reduced output in Iran and Venezuela. As a result, Brent crude prices are forecast to rise from around \$70 per barrel to \$75 by the third quarter. However, inventories are projected to increase later in the year and into 2026, as OPEC+ begins to unwind production cuts and non-OPEC supply continues to grow.

<sup>1</sup>MSCI World ex-AU (net). <sup>2</sup>Top 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](http://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](http://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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