ACADIAN

# Acadian Asset Management LLC
# Emerging Markets Portfolio
# First Quarter 2026

## Performance

The Acadian Emerging Markets Portfolio (Investor Class) returned 3.14% (net of fees) for the quarter ending March 31, 2026, relative to a return of -0.17% for the MSCI Emerging Markets Equity Index†.

## Commentary

Global equities, as measured by the MSCI World Index declined 3.2% in Q1 2026 as an escalation of the conflict between the U.S., Israel and Iran triggered a broad risk-off move late in the quarter, particularly in March. A sharp surge in crude oil prices driven by a near halt of shipments through the region renewed inflation concerns and dampened risk appetite, offsetting earlier strength supported by optimism around artificial intelligence–led productivity gains and signs of easing global trade tensions. Developed markets were the main detractors over the period, with U.S. and European equities weighing on overall performance amid tighter financial conditions, elevated energy prices, and heightened geopolitical uncertainty. Major central banks broadly held policy rates unchanged, emphasizing elevated inflation risks and uncertainty around growth amid energy shocks and global volatility. Sector performance diverged. Energy, utilities, and materials outperformed, benefiting from elevated commodity prices and defensive positioning. In contrast, information technology, communication services, and consumer discretionary stocks lagged as investors rotated away from growth-oriented segments. Emerging markets outperformed developed markets overall, with gains concentrated in markets like South Korea and Taiwan and driven by continued AI-driven demand, which buoyed semiconductor prices and significantly lifted earnings across the semiconductor sector.

Against this backdrop, the Acadian Emerging Markets Portfolio (Investor Class) outperformed its benchmark of MSCI Emerging Markets Equity Index † by 331 basis points for the quarter ending March 31, 2026.

At the country level, stock selection contributed to return, while country allocations were positive. Key sources of positive active return included a combination of stock selection and an underweight position in India, stock selection in China, and a combination of stock selection and an underweight position in Indonesia. Detractors included a combination of stock selection and an overweight position in the United Arab Emirates, and stock selection in both Taiwan and Thailand.

From a sector perspective, key sources of positive active return included stock selection in financials, a combination of stock selection and an underweight position in consumer discretionary, and also a combination of stock selection and an underweight position in consumer staples. Detractors included stock selection in both energy and materials, as well as a combination of stock selection and an underweight position in utilities.

**Outlook**

The Organisation for Economic Co-operation and Development (OECD) projects U.S. GDP growth to moderate from 2.0% in 2026 to 1.7% in 2027, as strong AI-related investment is gradually offset by slower real income growth and consumer spending. The conflict with Iran may keep pressures elevated, potentially prompting tighter monetary policy. Headline inflation is projected to reach 4.2% in 2026, a sharp upward revision.

The OECD revised its 2026 growth outlook for the euro area down to 0.8%, as higher energy prices linked to the Middle East conflict push up costs and weaken demand. Inflation is expected to reach 2.6%, raising the likelihood of tighter policy if the European Central Bank's target comes under pressure. The U.K. outlook is weaker, with growth cut to 0.7%, reflecting energy-driven inflation, a softening labor market, and declining investment.

Australia's economy is emerging from a soft patch, with growth expected to rise from about 1.8% in 2025 to 2.3% in 2026, supported by recovering real incomes and a still-resilient labor market. However, high inflation and slower exports are likely to constrain growth. Monetary policy is expected to remain restrictive in the near term. The Reserve Bank of Australia expects improvement as disinflation supports purchasing power and conditions ease. Consumption is expected to recover slowly with the labor market easing but remaining tight.

After a 1.2% expansion in 2025, Japan's economy is expected to decelerate, with GDP growth easing to about 0.9% in 2026 and 2027. According to the OECD, strong corporate earnings and targeted subsidies should support investment, while fiscal measures bolster demand. These factors are partly offset by higher energy import costs. Inflation is projected to move toward the 2% target, with the Bank of Japan likely to hold policy rates steady amid elevated uncertainty.

China's economic expansion is expected to decelerate, with growth easing to 4.4% in 2026 and 4.3% in 2027, down from 5% in 2025. According to the OECD, unwinding subsidies, higher energy import costs, real estate sector adjustment, and anti-involution policies will weigh on growth. These headwinds may be partly offset by infrastructure spending and lower U.S. tariffs. Inflation is projected to edge higher to 1.3% in 2026.

The OECD highlights India as one of the fastest-growing large economies. Growth is projected at 6.1% in 2026, and is expected to increase to 6.4% in 2027, supported by strong domestic demand, improved trade, and technology investment. Growth is down from 7.6% in 2025 as fiscal support eases and inflation pressures re-emerge amid elevated energy prices and geopolitical uncertainty. Per the OECD, maintaining macroeconomic stability will require calibrated monetary policy.

Brazil's economy is expected to grow modestly. The OECD projects GDP growth of 1.5% in 2026, rising to 2.1% in 2027, supported by easing conditions and recovering demand. Inflation is projected to moderate from 4.1% to 3.8%, allowing gradual monetary easing after prolonged restrictive policy. Lower U.S. tariffs should support exports, though elevated energy and fertilizer prices remain a risk to costs and purchasing power.

South Korea's economy is projected to strengthen gradually, supported by technology activity and improving global trade. The OECD expects GDP growth of 1.7% in 2026, rising to 2.1% in 2027, driven by semiconductor exports and AI-related investment. Inflation is projected to ease from 2.7%to 2.0%, allowing broadly neutral policy. However, reliance on imported energy leaves the economy exposed to global price shocks and geopolitical risks.

**Annualized performance as of March 31, 2026 is: 29.93% (1 Year); 8.05% (5 Years), and 9.48% (10 Years).**

***Performance data quoted represents past performance. Past performance does not guarantee future results. 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. For performance data current to the most recent month end, please call 1-866-AAM-6161.*** *Total Gross expense ratio for AEMGX is 1.32%. Shareholders may pay a redemption fee of 2% when they redeem shares held for less than 30 days*

*Past performance is no guarantee of future performance and may differ significantly from future performance due to market volatility.*

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

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