

The Frontier Line

Active management outcomes in the 2025 financial year

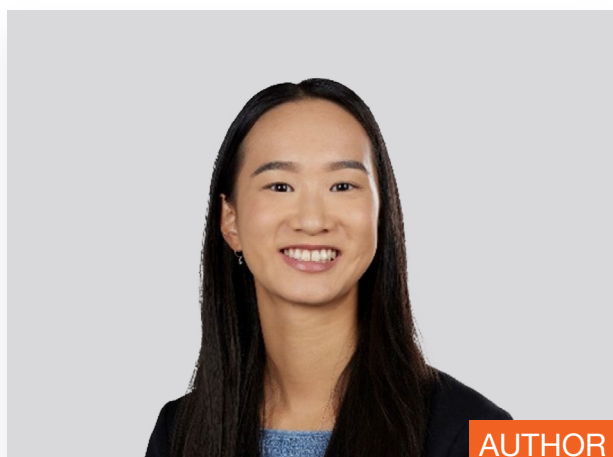
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About us

Frontier Advisors has been at the forefront of institutional investment advice in Australia for thirty years and provides advice on \$850 billion of assets across the superannuation, charity, public sector, insurance and university sectors.

Our purpose is to empower our clients to advance prosperity for their beneficiaries through knowledge sharing; customisation; technology; and an alignment and focus that is unconstrained by any product conflicts.



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Global equities

As outlined in our last active management paper, the active management report card for calendar year 2024 was disappointing.

Fortunately, the first six months of 2025 have seen stronger outcomes from active management (as highlighted in our Q1 update), with the median global manager delivering 1.2% alpha against the modest returns (+4.0%) of the MSCI ACWI benchmark. Although it's still early days, we are seeing promising signs that the tide is turning for active management and despite the incredible rebound in US growth stocks over the June quarter, 58% of managers in Frontier's Global Peer Set were ahead of the benchmark over the first half of 2025, a welcomed uplift from 25% in the second half of 2024.

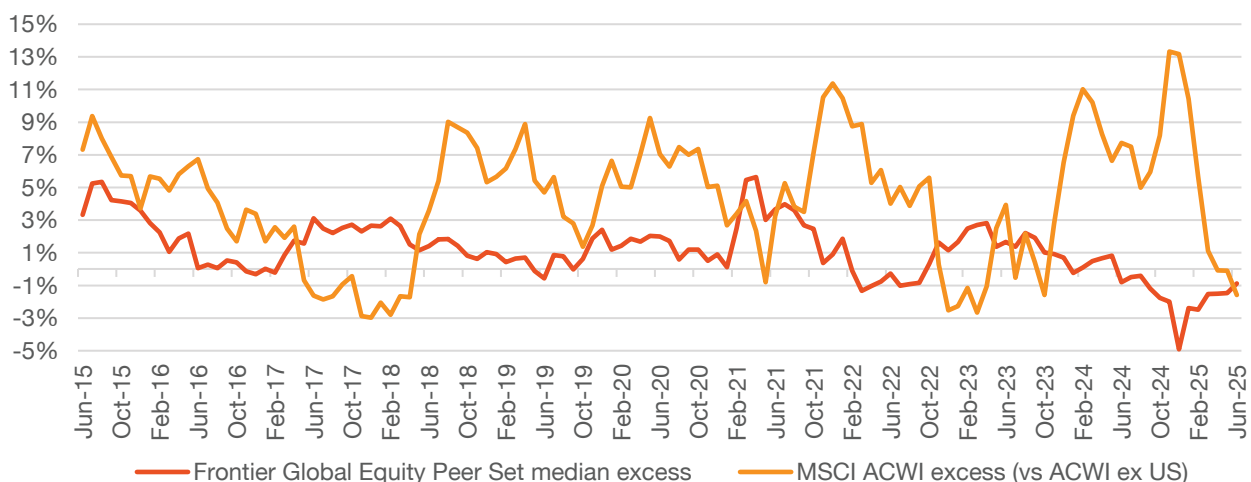
Table 1: Frontier Global Equity Peer Set returns against the MSCI ACWI (AUD)

Index	Six months to December 2024 (%)	Six months to June 2025 (%)	One year return to June 2025 (%)
MSCI ACWI	13.9	4.0	18.4
Frontier Global Equity Peer Set median	12.3	5.2	17.5
Relative performance	-1.6	1.2	-0.9
Managers ahead of MSCI ACWI	25	58	42

Source: Frontier Advisors, eVestment

To use a well-worn cliché, the 2025 financial year was indeed a tale of two halves. The first six months were characterised by strong risk-on markets riding the wave of US exceptionalism, before geopolitical uncertainty set in and peaked during the 'Liberation Day' sell-off in April. The performance of US equity markets was almost a barometer for active management outcomes during the financial year, with the rotation away from the US and towards Europe in the second half allowing active managers to claw back some alpha. These dynamics can be seen in the inverse relationship over the last few years between median manager excess returns and the outperformance of the US, as shown in Chart 1.

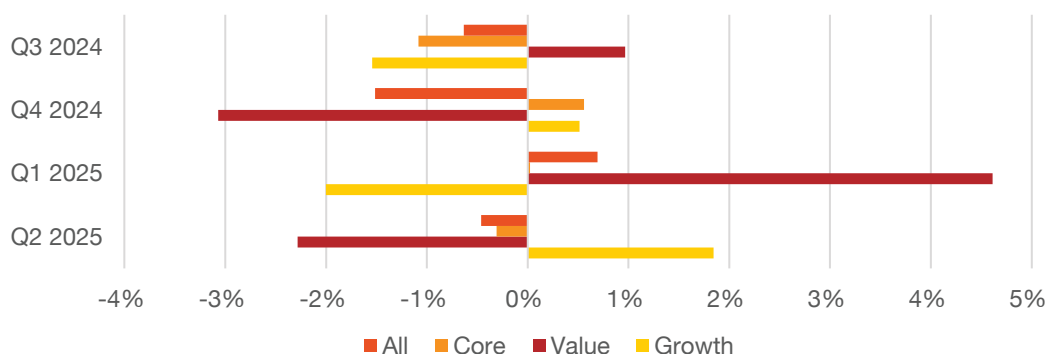
Chart 1: Rolling 12-month excess returns of Frontier's Global Equity Peer Set median and the outperformance of the US



Source: Frontier Advisors, eVestment

Breaking down these results across styles, growth managers outperformed value managers (+1.3% at the median level) across the first six months to December 2024, though both style cohorts failed to keep up with the broader market. The start of the 2025 calendar year then brought a strong rotation in value as cracks developed in US exceptionalism, with investors finding shelter in European cyclicals. Accordingly, value managers outperformed growth managers by 6.6% at the median level in the March quarter, until the tables turned again in the June quarter with a tech-fuelled rotation back to growth.

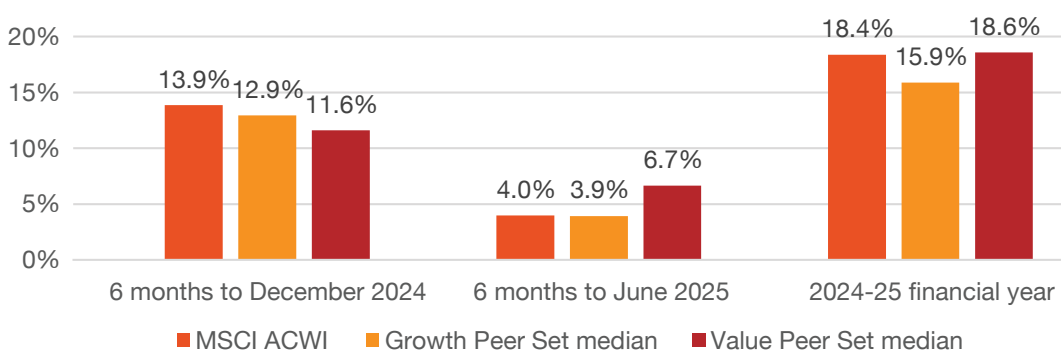
Chart 2: Quarterly style cohort median excess returns in global equities (vs MSCI ACWI)



Source: Frontier Advisors, eVestment

The relative returns delivered by the median manager in Frontier's peer sets over the year hides the divergence between more granular style cohorts, with more definitive style managers producing better outcomes. Moderate growth managers, who tend to display higher levels of valuation sensitivity (relative to high growth managers) lagged the benchmark over both the first and second half of the financial year, leading to 3.5% underperformance (at the median level) in FY25. Meanwhile, high growth managers fared much better in comparison, with a strong June quarter underpinning median excess returns of 2.8% over the year. Similarly, there was also divergence within the Value Peer Set as deep value managers outperformed moderate value managers in both halves. This led to the median deep value manager outpacing the MSCI ACWI index by 1.2% over the full year while the median moderate value manager trailed the index by a similar amount.

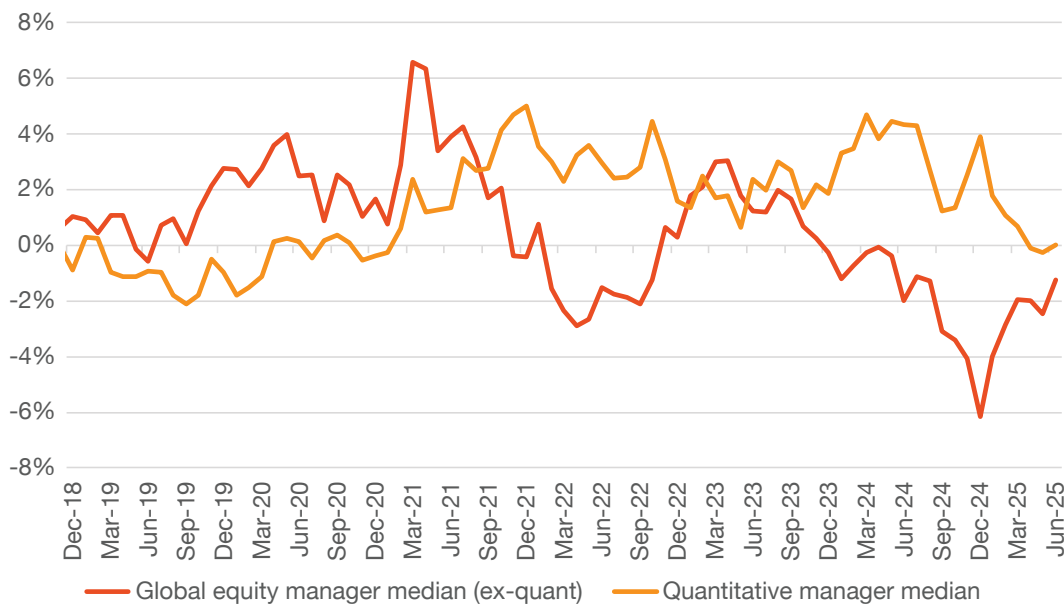
Chart 3: Growth and value cohort returns in global equities



Source: Frontier Advisors, eVestment

We have previously highlighted the outperformance of quantitative managers in the post-COVID-19 era, who have benefitted from explicit risk controls along with the ability to capitalise on high levels of intra-sector stock dispersion via increased breadth. On a rolling 12-month basis, this bifurcation of returns peaked in December 2024, with the median multi-factor quantitative manager outperforming the median fundamental manager by 10.1%. Interestingly, fundamental managers appear to have better handled the recent regime shifts and choppiness in markets (at the median level). This is perhaps unsurprising given quantitative managers often struggle with turning points in the market, but have demonstrated relatively consistent alpha generation over the long term. In any case, we continue to support the diversification benefits that come with blending different approaches (i.e. quantitative and fundamental).

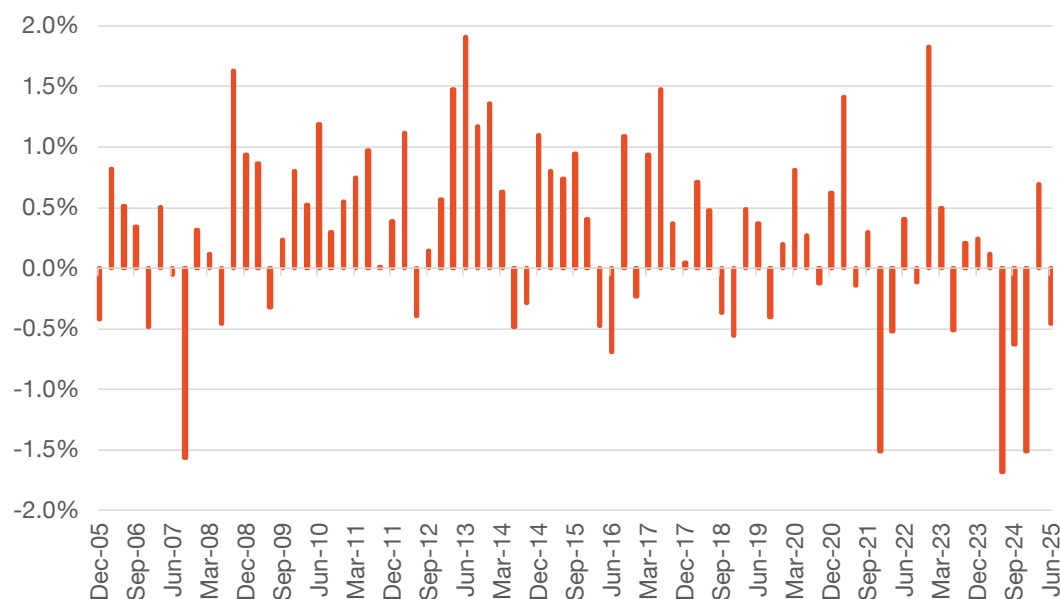
Chart 4: Rolling 12-month excess returns of quantitative managers and global managers (ex-quant) relative to the MSCI ACWI



Source: Frontier Advisors, eVestment

Looking at overall excess returns across quarters, we can see the bleeding has stemmed following the historic pain suffered in 2024 (which would have had a compounding effect on longer-term active management outcomes). As we discussed earlier, the outperformance in the most recent March quarter was led by value managers as the market rotated away from richly valued US technology stocks. This welcome reprieve helped 98% of value managers in the Frontier Peer Set to outperform the MSCI ACWI index over the quarter, compared to 24% of growth managers. While the subsequent June quarter turned negative overall, the magnitude of underperformance at the median level was smaller than the large swings we saw during 2024, bolstered by the strong outperformance from high growth managers.

Chart 5: Frontier's Global Equity Peer Set median quarterly excess return (versus MSCI ACWI)



Source: Frontier Advisors, eVestment

Emerging markets

As with global equities, active management outcomes within emerging markets (EM) staged a comeback in the second half of this financial year.

Having underperformed the MSCI Emerging Markets index by -0.9% in the first half of the fiscal year, the median EM manager went on to outperform the index by +1.0% over the first half of 2025, closing out FY25 +0.4% above the index. While these returns are modest, and in most cases will have been wiped out by management fees, exploring the drivers of these outcomes we begin to see a developing environment that may support further improvement in active management outcomes.

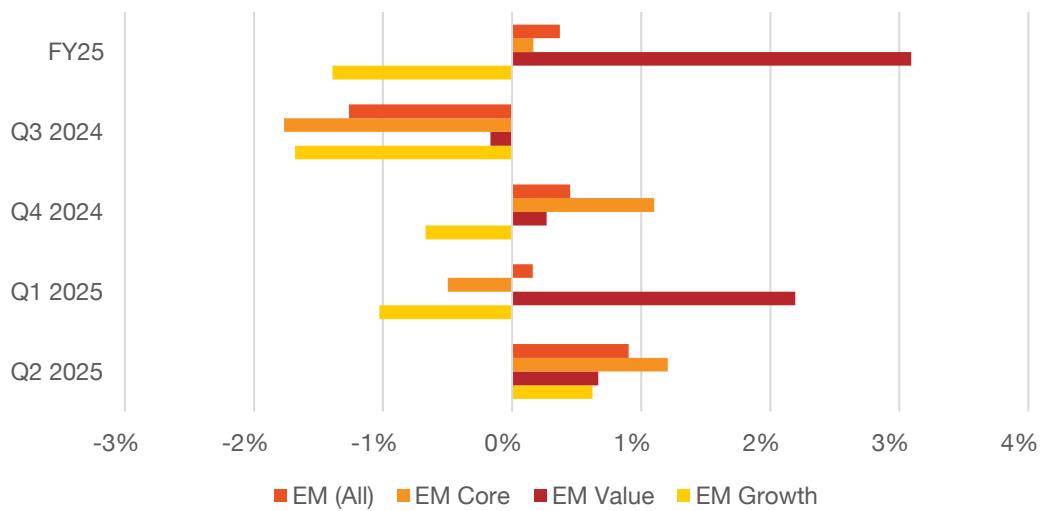
Table 2: Frontier's Emerging Markets Equity Peer Set returns against the MSCI EM index (AUD)

Index	Six months to December 2024 (%)	Six months to June 2025 (%)	One year return to June 2025 (%)
MSCI EM	7.9	8.9	17.5
Frontier EM Equity Peer Set (median manager)	7.0	9.9	17.9
Relative performance	-0.9	1.0	0.4
Managers ahead of MSCI EM	42	60	53

Source: Frontier Advisors, eVestment

EM delivered its strongest return in four years over the latest financial year, with the MSCI EM index returning 17.5%. Chart 6 shows the median manager returns by investment style over this period. Here we can see that it was the performance of value managers that really shined within EM over the period, where despite a weak September quarter, the median value manager went on to deliver alpha across the next three quarters, closing the period +3.1% above the index. This outperformance of value managers has been part of a multi-year trend within EM (Chart 7) which has been in contrast to developed markets.

Chart 6: Median manager excess returns relative to MSCI EM index

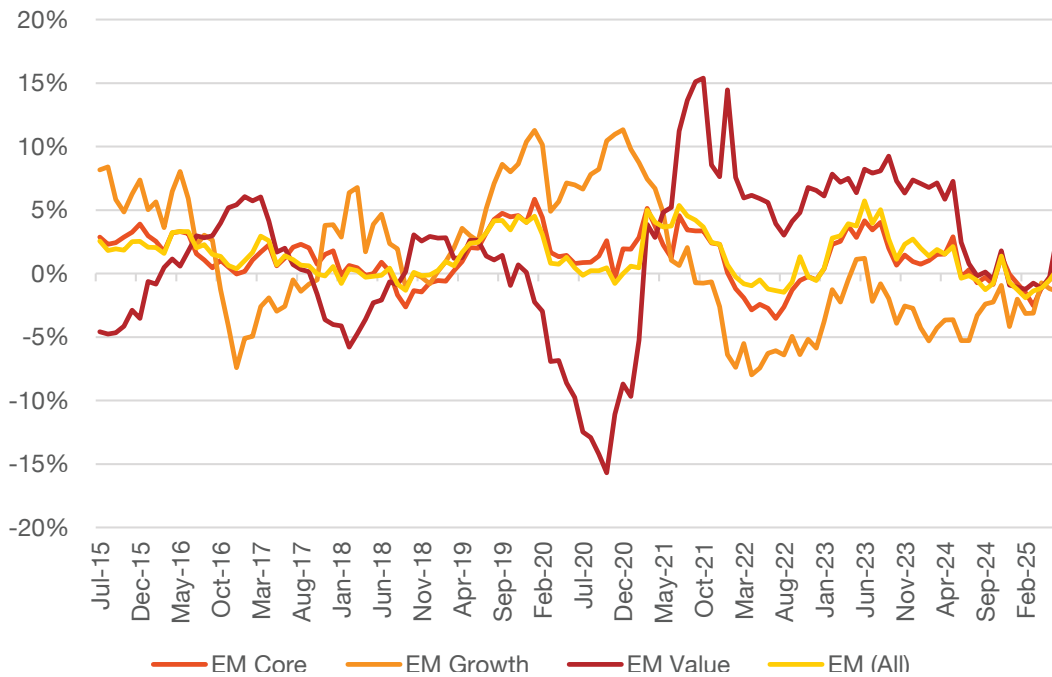


Source: Frontier Advisors, eVestment

The alpha profile of the median EM core manager was slightly more volatile across the four quarters, delivering 0.2% alpha over the financial year despite delivering >1.0% alpha in two of the quarters. The median EM growth manager underperformed the MSCI EM index by 1.4% over the period, with its modest 0.6% alpha in the June quarter insufficient to overcome the headwind of its three previous quarters of underperformance.



Chart 7: Median manager rolling 12-month excess returns relative to MSCI EM

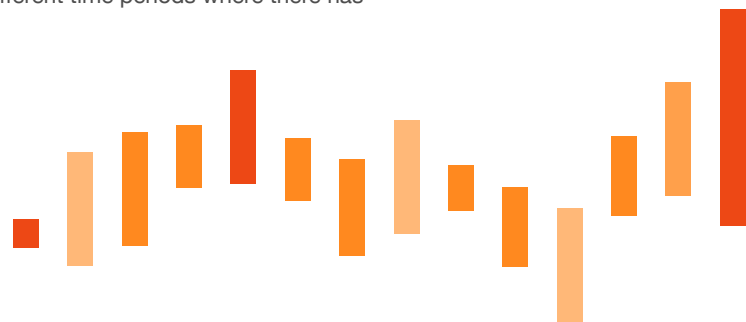


Source: Frontier Advisors, eVestment

Single stock concentration has been an even larger issue within EM. The MSCI EM index remains heavily weighted to Taiwan Semiconductor (TSMC), which represented 10.2% of the index at the end of June 2025 and contributed to 14.0% of the index's performance in AUD over the financial year (despite the stock returning -0.5% in local currency terms over the six months to June 2025). Within Frontier's EM Peer Set, the median manager had a 1.3% underweight to TSMC at the end of June 2025, noting that many managers have maximum position size risk constraints (i.e. no single stock may be >10% of the total portfolio) which means they have been forced to hold the stock at an underweight even if there is conviction in the thesis. Both the growth and core cohorts had a median underweight to TSMC of 0.4% at this time while the median underweight to the stock for value managers was a more substantial 3.0%.

The concentration risk of TSMC has necessitated most managers to hold a position in the stock, with only 3.8% of managers surveyed from our EM Peer Set holding a zero weight to the stock. However, as evidenced by the outperformance of the value cohort, there have still been other areas of opportunity in the EM universe where managers have found value add.

The next section dissects active management outcomes over the financial year and seeks to explain some of the rationale behind these outcomes in international equities. The analysis breaks the year down across various country, style and capitalisation factors and splits them into different time periods where there has been a significant inflection in markets.

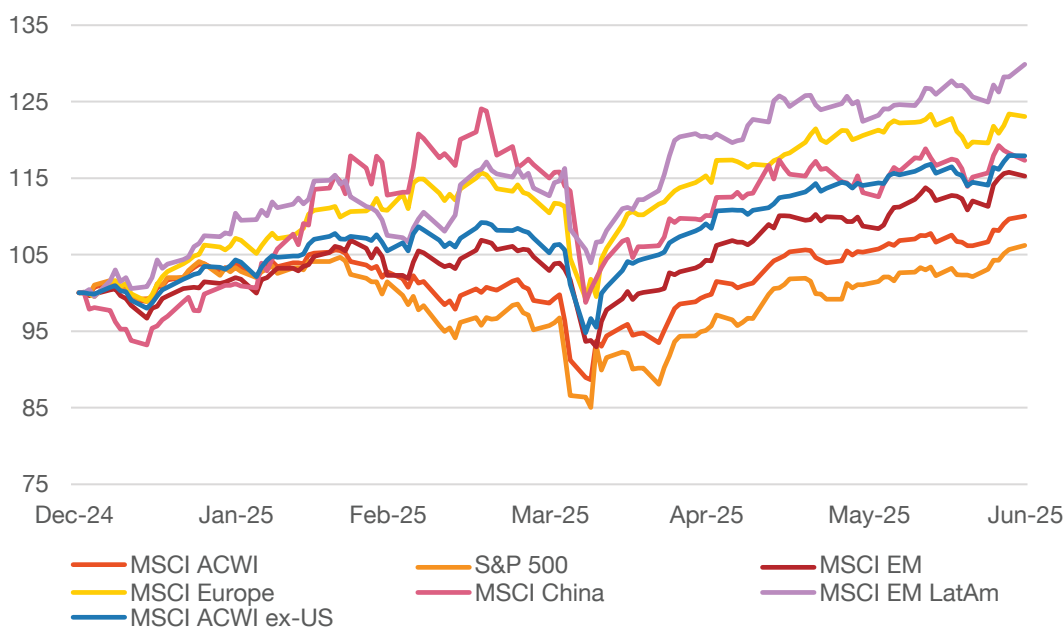


Factors contributing to outcomes in international equities

Country/region allocation

- Regionally, market leadership showed signs of shifting away from the US over the financial year. Although much of this rotation has happened in the first half of 2025, we first observed a change in regional performance in September 2024, when Chinese equities rallied following the local government's announcement of significant stimulus measures. This saw the MSCI China index experience its largest five-day rally since 2008, allowing the region to deliver 23.0% and outperform the US over the six months to December 2024.
- Following November's US presidential election, markets were positive on the outlook of US equities under a new "America First" policy, and in turn anticipated a more challenging outlook for other regions. However, following Trump's inauguration in January and an eventful first 100 days in office that had a crescendo of tariff confusion, the implications of a new administration saw markets reassess this view. Having already experienced a sell-off in US tech giants in response to the January release of DeepSeek's eponymous chatbot, the S&P 500 returned -4.9% over the March quarter.
- It is also worth mentioning the weakness of the US dollar over the financial year, where despite a 2.5% appreciation of the US Dollar Index (DXY) over the six months to December 2024, the next six months to June 2025 saw a depreciation of -10.7%.
- While US equities staged a recovery in the June quarter, the six months to June 2025 saw the MSCI ACWI ex-US outperform the MSCI ACWI index by 7.4%, with the S&P 500 delivering close to flat (+0.3%) returns over this period, highlighting the performance of ex-US markets over the first half of 2025.

Chart 8: Regional performance over the first half of 2025



Source: Frontier Advisors, LSEG Datastream

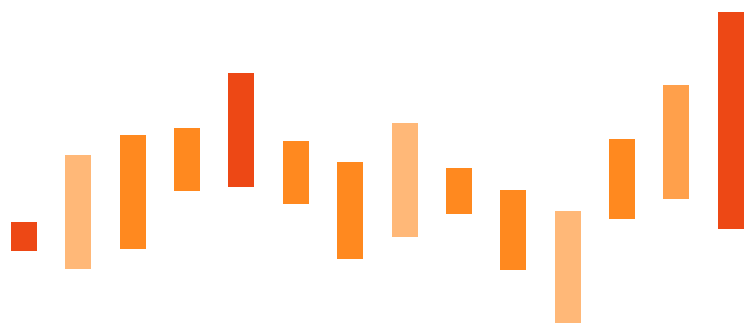
- Chart 8 illustrates regional market performance over the second half of the financial year, noting that while there were sell-offs in ex-US regions in response to tariffs, most regions have broadly recovered. The volatility around tariffs has been in some cases supportive of active management, having created opportunities for managers to either top up high conviction names or initiate positions in previously expensive stocks. We note that some managers have looked for relative safe havens (non-USD) in domestic European stocks exhibiting more positive regional macroeconomic signals.

- When balancing by style, we observe that within our cohort of global active managers, the average underweight to the US market is -8.5% (as of 30 June 2025) and as such, in contrast to our [last active management paper](#), this has been a tailwind for managers over the first half of 2025 despite the strong rebound in US tech stocks in Q4.
- From a forward-looking opportunity perspective, a potential unwinding of US exceptionalism underpinned by slower growth projections and higher inflation could point to a cyclical end of the US' outperformance relative to other regions. To this end, regional positioning may warrant deeper deliberation.

Table 3: Country and regional index returns (in AUD)

Index	Six months to December 2024 (%)	Six months to June 2025 (%)	One year return to June 2025 (%)
MSCI ACWI	13.9	4.0	18.4
MSCI ACWI ex-US	7.7	11.4	20.0
S&P 500	17.0	0.3	17.4
MSCI Europe ex-UK	2.4	17.3	20.1
MSCI UK	8.5	12.7	22.3
MSCI Japan	9.9	5.6	16.1
MSCI EM	7.9	8.9	17.5
MSCI China	23.0	10.9	36.3
MSCI EM Latin America	-5.8	22.7	15.5

Source: Frontier Advisors, eVestment



Style

As with the previous section, the performance of the US has had a noticeable impact on how style factors have contributed to outcomes in global equities.

- Despite the median growth manager underperforming both the median value manager and the MSCI ACWI index over the financial year, the MSCI ACWI Growth index outperformed both the MSCI ACWI Value and MSCI ACWI indices. However, the performance of the MSCI ACWI ex-US Growth is below all other ACWI-based indices in Table 4. This is reflective of much of the performance within the ACWI Growth universe is coming from US-based growth names. In other words, being overweight the US within growth could have been beneficial to performance. With the median underweight to the US at 30 June 2025 within Frontier's Growth Peer Set sitting at -4.6%, it is reasonable to determine that despite the region's weaker relative performance, a US underweight has remained a headwind for growth managers.
- We observe the opposite relationship for value, with the median value manager in Frontier's Peer Set outperforming the MSCI ACWI and MSCI Value indices. Notably, the MSCI ACWI ex-US Value index had the strongest performance of the indices in Table 4 over the one-year period, indicating for the value style much of the performance opportunities fell outside of the US. This would have been a tailwind to performance for value managers who have had a heavier underweight to the US, with the median underweight within our Value Peer Set at -18.4% (as of 30 June 2025).
- As illustrated previously in Chart 2 and Chart 6 of this paper, we did not observe consistent outperformance from the managers in any style cohort across the quarters over the financial year. Rather, the fluctuations between factors, especially within global has seen periods of extreme performance outcomes washed out.

Table 4: Style index returns (in AUD)

Index	Six months to December 2024 (%)	Six months to June 2025 (%)	One year return to June 2025 (%)
MSCI ACWI	13.9	4.0	18.4
MSCI ACWI Growth	15.2	3.2	18.9
MSCI ACWI Value	12.5	4.8	17.8
MSCI ACWI ex-US Growth	6.2	9.5	16.3
MSCI ACWI ex-US Value	9.2	13.3	23.7
MSCI EM	7.9	8.9	17.5
MSCI EM Growth	9.7	9.3	19.9
MSCI EM Value	5.9	8.4	14.8

Source: Frontier Advisors, eVestment

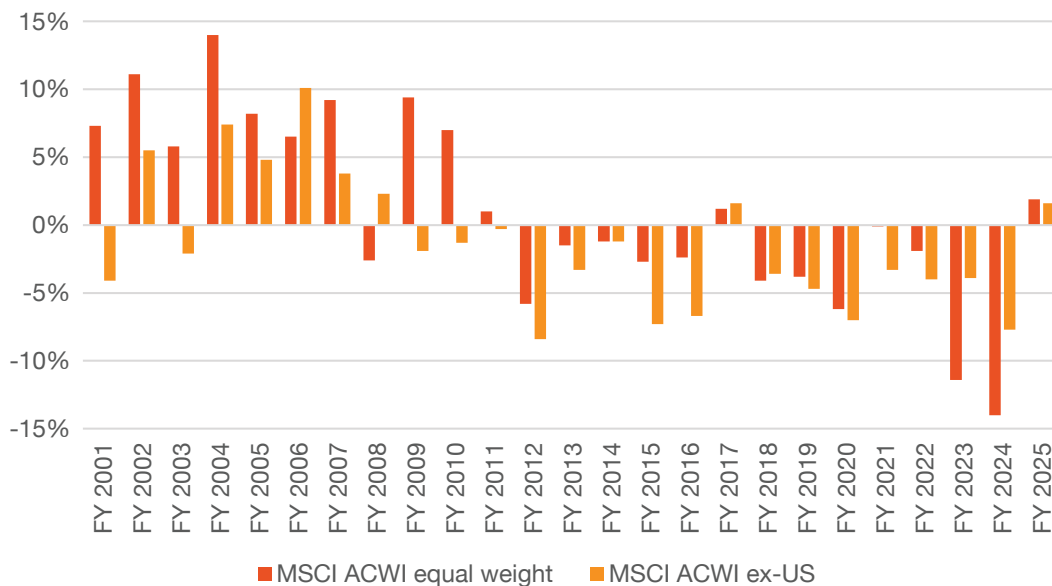
Market capitalisation

Frontier has continued to observe a tendency for global active managers to seek alpha opportunities further down the market-cap spectrum due to more inefficiency and the diversification of what have been increasingly concentrated benchmarks. This has typically led to active managers underweighting mega and large-cap companies and overweighting mid and small-cap companies.

The 2025 financial year represents the first fiscal year in eight years where the MSCI ACWI Equal Weight Index outperformed the capitalisation-weighted (MSCI ACWI) benchmark. It is also the largest outperformance since the 2010 financial year. As highlighted in our previous active management paper, the relative performance of the equal-weighted index is a good proxy for market breadth, and as we will show, active managers struggle to outperform in periods of poor breadth.

We observe a significant correlation between the outperformance of the equal-weighted index over cap weighted (Chart 9) and the ACWI ex-US over MSCI ACWI over the last 25 years, demonstrating the relationship between a less US driven market and lower market concentration.

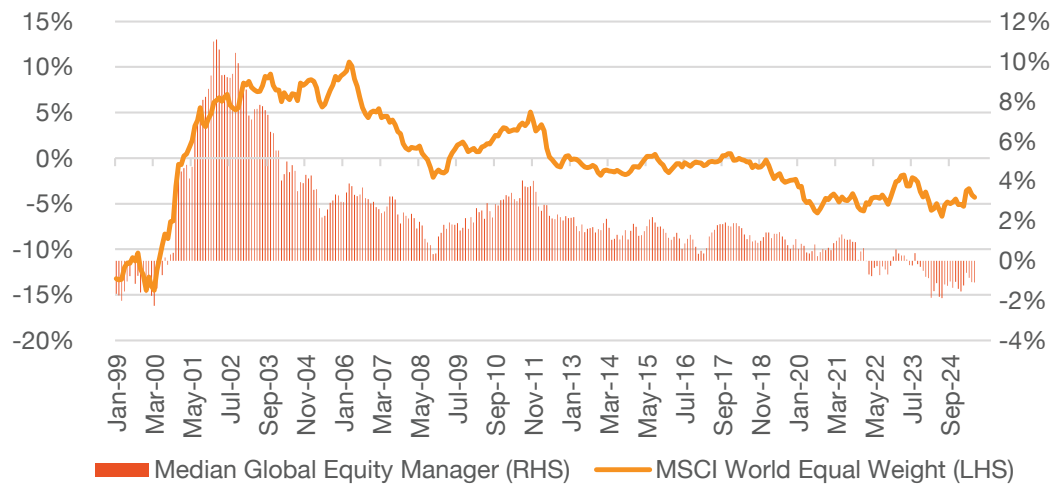
Chart 9: Financial year excess returns relative to MSCI ACWI



Source: Frontier Advisors, eVestment

Market concentration effect

Chart 10: Rolling three-year excess return versus MSCI World



Source: Frontier Advisors, eVestment

- Chart 10 shows the effect that market breadth has on active management outcomes. We continue to observe a strong correlation between the excess returns of the MSCI World Equal Weight index (versus the capitalisation-weighted benchmark) and overall active management returns.
- While there hasn't been a drastic change in the weight of the 'Magnificent 7' within the MSCI ACWI index over the last 12 months (shifting from 20.1% to 20.0%), performance outcomes for this group of stocks have started to come off. The Bloomberg Magnificent 7 index (BM7T) returned 24.2% over the financial year, which was a reduction from 52.1% in the previous financial year. As has been a recurring theme of this paper, the return profiles across the Magnificent 7 stocks were volatile over the financial year, noting all constituents delivered negative returns in the March quarter. Correlations between these stocks have been unwinding, which has been supportive of fundamental stock picking.

Table 5: Magnificent 7 returns (USD) over FY2025

Ticker	Sep-24 quarter (%)	Dec-24 quarter (%)	Mar-25 quarter (%)	Jun-25 quarter (%)	FY2025 (%)
AAPL	10.6	7.5	-11.3	-7.6	-2.6
TSLA	32.2	54.4	-35.8	22.6	60.5
AMZN	-3.4	17.7	-13.3	15.3	13.5
META	13.5	2.3	-1.6	28.1	46.4
GOOGL	-8.9	14.1	-18.3	14.0	-3.3
NVDA	-1.7	10.6	-19.3	45.8	27.9
MSFT	-3.7	-2.0	-10.9	32.5	11.3
BM7T	5.4	15.9	-16.0	21.0	24.2

Source: : Frontier Advisors, Bloomberg, LSEG

Australian equities

While active management outcomes have shown signs of improvement in global equities, the same can't be said for Australian equities.

In fact, the 2025 financial year produced the worst active management outcome at the median level for Australian broad caps in more than two decades. While active managers have long been navigating concentrated benchmarks in our local market, what's changed is the narrowness in performance drivers, with the banks and CBA in particular driving disproportionate index returns. While active managers were able to keep pace with the benchmark to start the financial year, a challenging December quarter and an even more difficult June quarter were considerable setbacks.

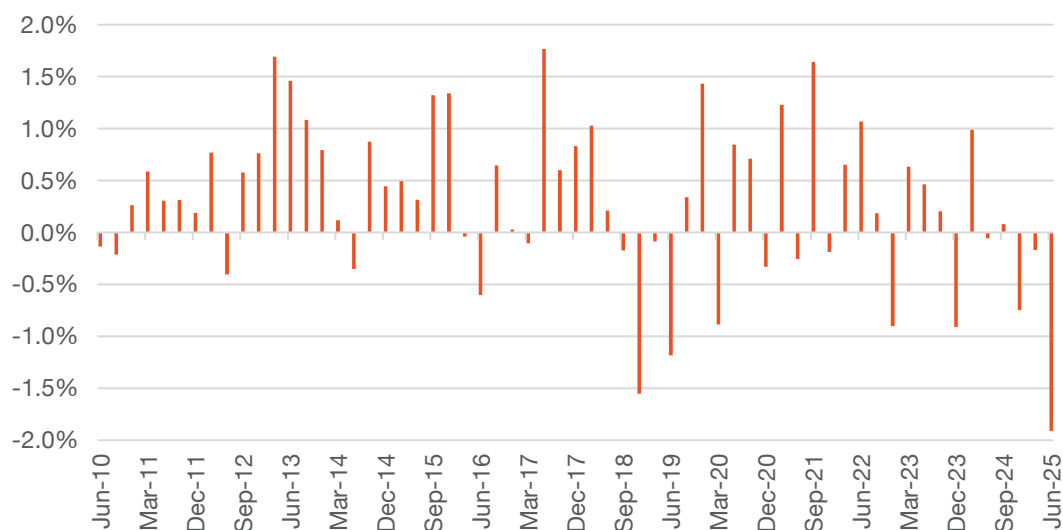
Table 6: Frontier Australian Equity Peer Set performance against S&P/ASX 300

Index	Six months to December 2024 (%)	Six months to June 2025 (%)	One year to June 2025 (%)
S&P/ASX 300	6.9	6.4	13.7
Frontier AEQ Peer Set median	6.0	4.1	10.4
Relative performance	-0.9	-2.3	-3.4
Managers ahead of S&P/ASX 300	42	20	27

Source: Frontier Advisors, eVestment

The severity of the weakness in the June quarter can be seen in Chart 11, which shows quarterly median excess returns within Frontier's Australian Equities Peer Set. The S&P/ASX 300 delivered a mighty 9.5% return in the June quarter as the index set fresh record highs. The poor active management outcomes were likely the result of typical underweight sectors outperforming (financials and REITs) while the health care sector was a notable detractor. Some high growth managers were able to overcome these headwinds through strong stock selection, with the likes of Pro Medicus, Technology One and WiseTech among the top performers over the quarter.

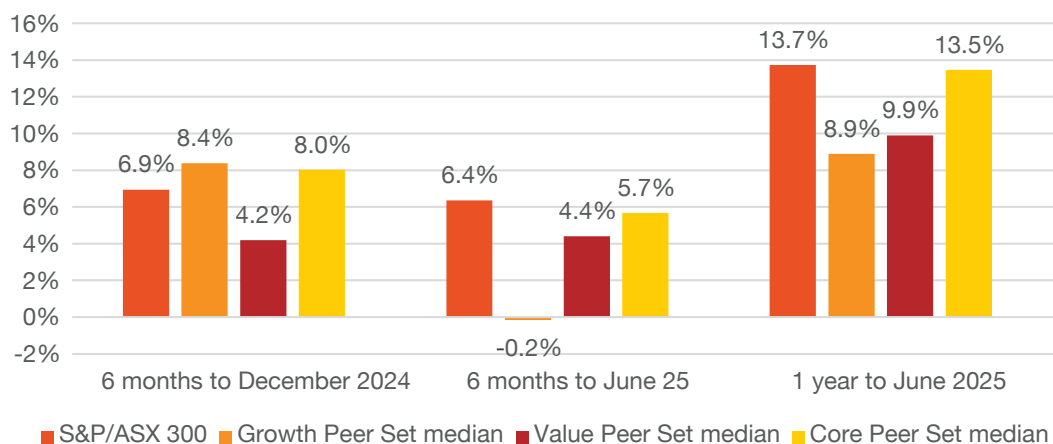
Chart 11: Australian Equity Peer Set median quarterly excess return (vs S&P/ASX 300)



Source: Frontier Advisors, eVestment

Chart 12 shows value managers in Australian markets had a slightly more productive financial year than their growth counterparts, although both cohorts notably lagged the benchmark. This underperformance across styles underpins how challenging conditions have been for active managers. In contrast, core (i.e. style neutral) managers were better able to navigate these conditions, in part due to their tighter risk controls, and as a result only marginally trailed the benchmark in FY25. Within the cohort of core managers, quantitative strategies were the clear standout. Across halves, growth managers had a strong start to the financial year but then struggled to generate positive absolute returns in the second half as growth stocks were sold off, partially on US policy uncertainty.

Chart 12: Peer Set returns in Australian equities across style cohorts

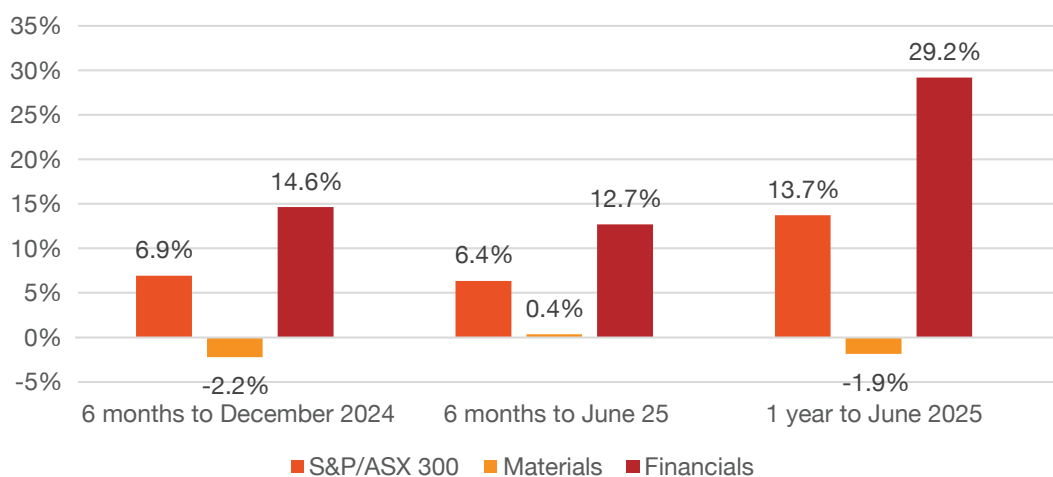


Source: Frontier Advisors, eVestment

Sector effects

- While there are fewer factors affecting active management outcomes in the Australian equity market relative to global equities (one equity market, less currency), the unique structure of our market leads to active management trends that can be observed over time. We have observed Australian managers are generally underweight resources (or more specifically BHP) as well as the big four banks given their respective weights in the benchmark. While financials continued their winning streak in FY25, resources struggled after another year of falling commodity prices, particularly iron ore and coal, reflecting China's economic slowdown. The large dispersion in outcomes with respect to the financials and resources sectors and investment managers' respective allocations is likely to have been a large determinant of overall benchmark relative outcomes in FY25.

Chart 13: Performance of the S&P/ASX 300 materials and financials sectors over FY25



Source: Frontier Advisors, eVestment

- The outperformance of the banks well and truly came to the fore during FY25, though attention swiftly zeroed in on CBA as it returned 50% on its way to becoming the most expensive developed market bank in the world. CBA alone accounted for 32% of the S&P/ASX 300's total return in FY25, while combined with the other three big banks represented 48% of the index's return. This proved to be a significant headwind for active managers given that many are meaningfully underweight this cohort of stocks. Sampling a cohort of 30 Australian active managers, we found that the average manager was -4.9% underweight CBA at the end of June 2025. Within this, eight managers had no exposure at all while only three managers were overweight.
- While there isn't a shortage of theories about what has powered CBA to such extreme valuations, some explanations include flows from super funds, the rise of passive investing (particularly when flows are coming out of active and into passive), an increase in hedge fund trading and quantitative investing (which pick up signals such as momentum and earnings upgrades), a flight to safety, increased foreign flows, reduced liquidity, and tight share registers. Overall, CBA has likely benefitted from a reinforcing loop whereby share price gains have supported even further gains by triggering buying from super funds, passive investors, hedge funds, quants, offshore investors, and even active managers seeking to manage risk; with simply not enough sellers on the other side of this trade, resulting in a liquidity squeeze.
- It is also worth calling out the underperformance of the energy and health care sectors, missing out on the market's exuberance largely due to subdued oil prices in the case of energy and US policy risk for some key health care stocks as well as more localised and stock specific challenges. Energy has been a popular area with value managers, therefore the sector's large underperformance in the first half of the financial year likely contributed to value managers' weaker results (shown in Chart 12) in the December half. While the health care sector has wider appeal across different styles, we have observed growth managers more heavily positioned in this sector recently. Therefore, health care's sizeable underperformance in the June half likely weighed on the relative returns of many growth managers, contributing to the growth cohort's weak result in the second half of FY25.
- Given the narrowness of performance drivers in the index, stock selection was crucial, even beyond the obvious sectors of financials, materials and healthcare where key stocks were responsible for an overwhelming majority of their respective sector returns (namely the banks, BHP, and CSL, respectively). For example, Wesfarmers was responsible for 71% of returns in the consumer discretionary sector while Telstra drove 67% of returns in the communication services sector.

Table 7: Sector returns of the S&P/ASX 300

Index	Six months to December 2024 (%)	Six months to June 2025 (%)	One year return to June 2025 (%)
S&P/ASX 300	6.9	6.4	13.7
S&P/ASX 300 A-REIT	7.3	6.0	13.8
S&P/ASX 300 Comm Services	10.5	16.2	28.4
S&P/ASX 300 Cons Disc	12.7	6.3	19.8
S&P/ASX 300 Cons Staples	-2.9	4.7	1.6
S&P/ASX 300 Energy	-11.4	3.4	-8.4
S&P/ASX 300 Financials	14.6	12.7	29.2
S&P/ASX 300 Health Care	2.5	-6.8	-4.5
S&P/ASX 300 Industrials	10.5	7.6	18.9
S&P/ASX 300 IT	17.3	3.7	21.7
S&P/ASX 300 Materials	-2.2	0.4	-1.9
S&P/ASX 300 Utilities	0.3	4.3	4.6

Source: Frontier Advisors, eVestment

Size effects

- Similar to global equities, in Australian equities, we find active investors are often underweight large-cap companies in favour of alpha opportunities further down the cap spectrum. There has been a common belief (backed up by historical evidence) that the market becomes less efficient further down the cap spectrum, which has often led active managers to be underweight large-cap companies and overweight mid and small-cap companies.
- Perhaps contrary to expectations given the outperformance of banks, the pronounced weakness of BHP and CSL led to the S&P/ASX 20 underperforming the broad index over the financial year.
- The outperformance of mid caps over the year should have been a tailwind for active managers who are typically underweight large caps in favour of mid caps. However, in many cases the magnitude of these alpha offsets in mid caps was not enough to overcome the headwinds of being underweight some of the large index contributors.

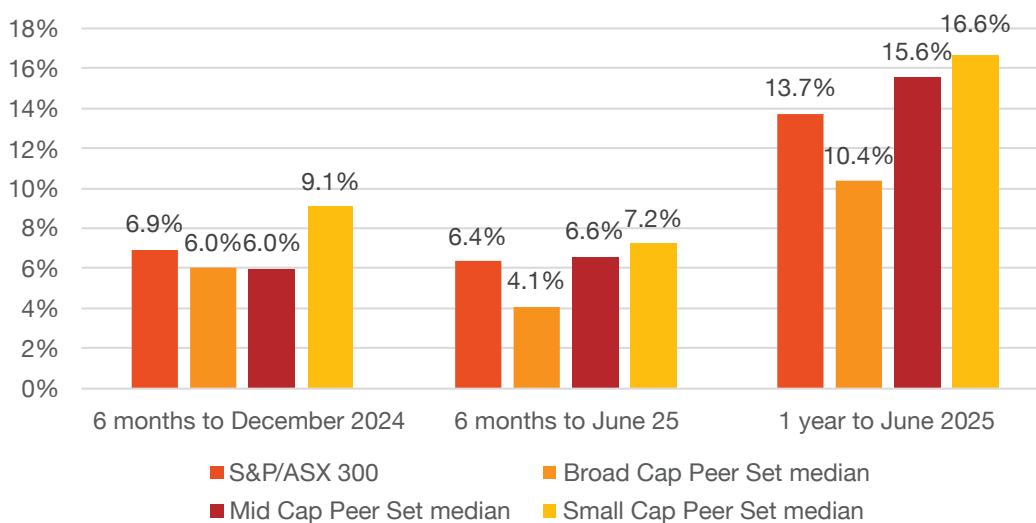
Table 8: Market cap returns in Australian equities

Index	Six months to December 2024 (%)	Six months to June 2025 (%)	One year return to June 2025 (%)
S&P/ASX 300	6.9	6.4	13.7
S&P/ASX 20	6.4	5.3	12.1
S&P/ASX 50	6.9	6.2	13.5
S&P/ASX Mid Cap 50	8.7	7.2	16.4
S&P/ASX Small Ordinaries	5.5	6.4	12.3

Source: Frontier Advisors, eVestment

- While small caps underperformed the broader market, we observed solid alpha capture from small cap managers over the year. The median small cap manager in the Frontier Peer Set outperformed the S&P/ASX Small Ordinaries index by 2.9% in FY25. This level of alpha was fairly modest relative to excess returns observed over longer-term periods (+4.9% p.a. over five years), which was likely a product of underweight gold exposures. However, the alpha generated was still sufficient to not only outperform their broad cap counterparts but also the S&P/ASX 300 index in FY25.

Chart 14: Peer Set median returns in Australian equities across the cap spectrum



Source: Frontier Advisors, eVestment

The final word



Following on from 2024, which was the most significant calendar year of underperformance for active global equity managers in more than two decades, Australian equity managers were met with the same fate in FY25.

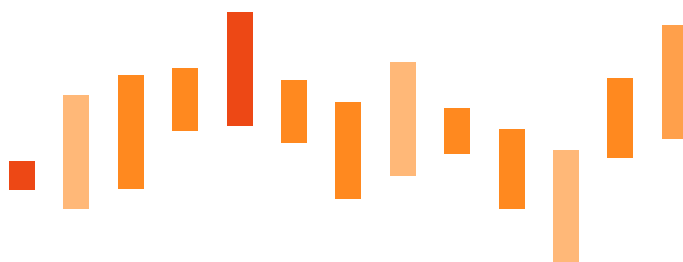
This was driven by the narrowness of market leadership, initially led by the big four banks before CBA well and truly stole the show. In contrast, global equity managers finally found some respite, with a second-half rotation away from the US being a welcome reprieve for the majority of managers who are underweight this key region. Green shoots also appeared in emerging markets in the second half of FY25 despite heightened uncertainty around tariffs.

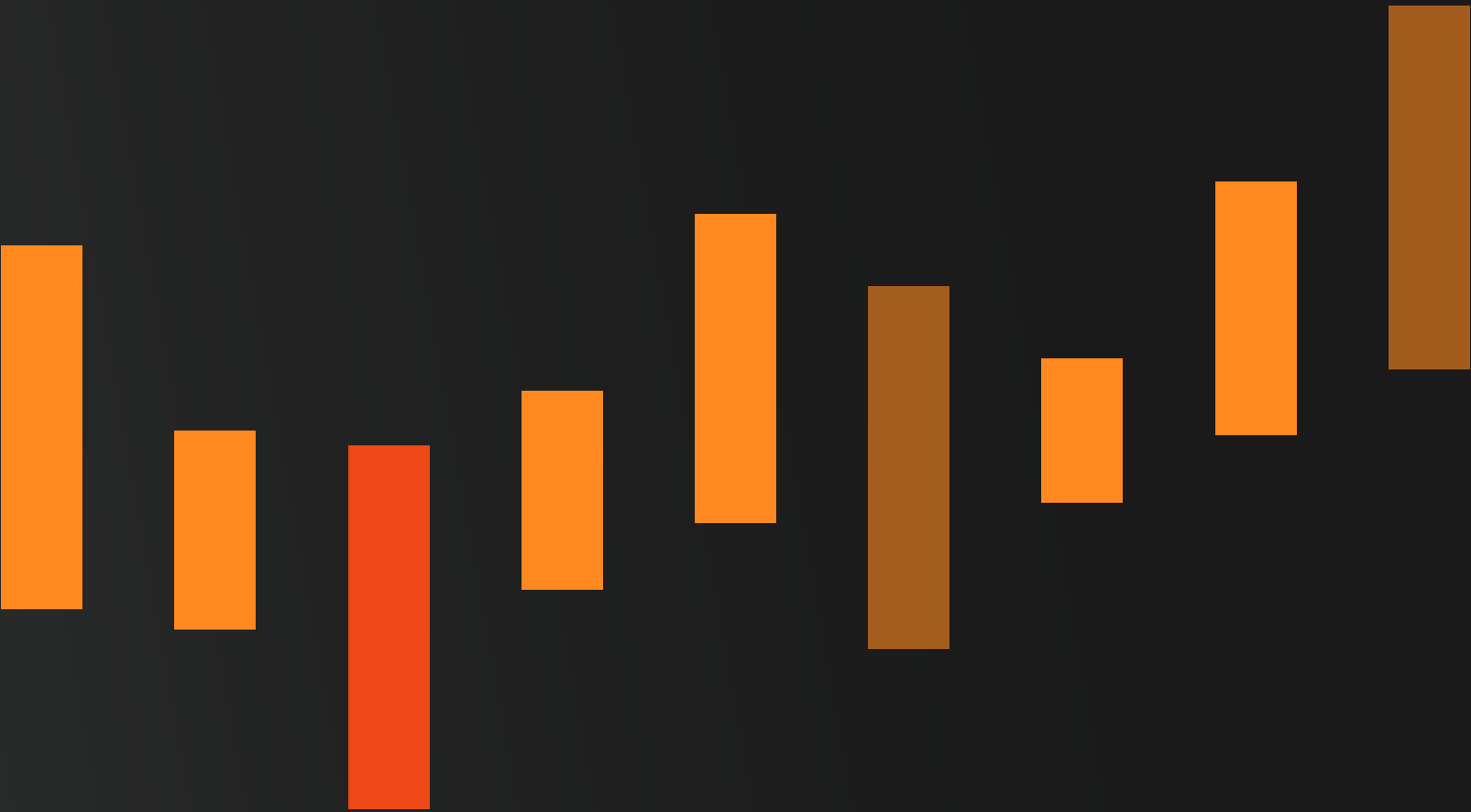
This paper serves as a reminder to investors that active management can be cyclical. We also highlight that factors beyond traditional style biases affect performance relative to equity benchmarks. Frontier believes it is important to assess individual active management performance not only against style peers, but equally against a whole other range of factors (market breadth, country/sector leadership and size impacts) which ultimately can impact benchmark relative outcomes.



Learn more

Frontier curates granular style-based peer sets in both Australian and global equity markets to better understand active management outcomes for clients, while also taking into account the prevailing market environment. Through the elimination of duplicates and rigorous analysis of the underlying manager constituents to ensure correct style classification, we believe these curated lists and the underlying peer set performance provide investors with greater insight into the performance of their active managers. These cohorts exist at a more granular level than what is presented in this paper. However, Frontier is able to discuss this service with interested clients. If you want to discuss this paper in more detail, please reach out to your consultant or a member of Frontier's Equities Team.





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