

# Realindex Australian Share Fund-Class A

## Monthly Factsheet

30 November 2020

For Adviser use only

### Portfolio Description

The portfolio invests in Australian shares by selecting and weighting companies based on fundamental measures of company size.

### Investment Strategy

Realindex forms a universe of Australian companies based on accounting measures. Factors such as quality, near-term value and momentum are applied to form a final portfolio of companies. The resulting portfolio has a value tilt relative to the benchmark and provides the benefits of being lower in cost, lower turnover and highly diversified compared to traditional active investment strategies.

### Investment Objective

To provide capital and income growth by investing in Australian shares and outperforming the S&P/ASX 200 Accumulation Index over rolling five year periods before fees and taxes.

### Product Overview

|                          |                                |
|--------------------------|--------------------------------|
| APIR code                | FSF0976AU                      |
| Inception date           | 17 November 2008               |
| Fund Size (A\$)          | 6,237 million                  |
| Benchmark                | S&P/ASX 200 Accumulation Index |
| Number of stock holdings | 197                            |
| Buy / Sell spread        | 0.05% / 0.05%                  |
| Minimum investment (A\$) | 25,000                         |
| Management cost (p.a.)*  | 0.36%                          |

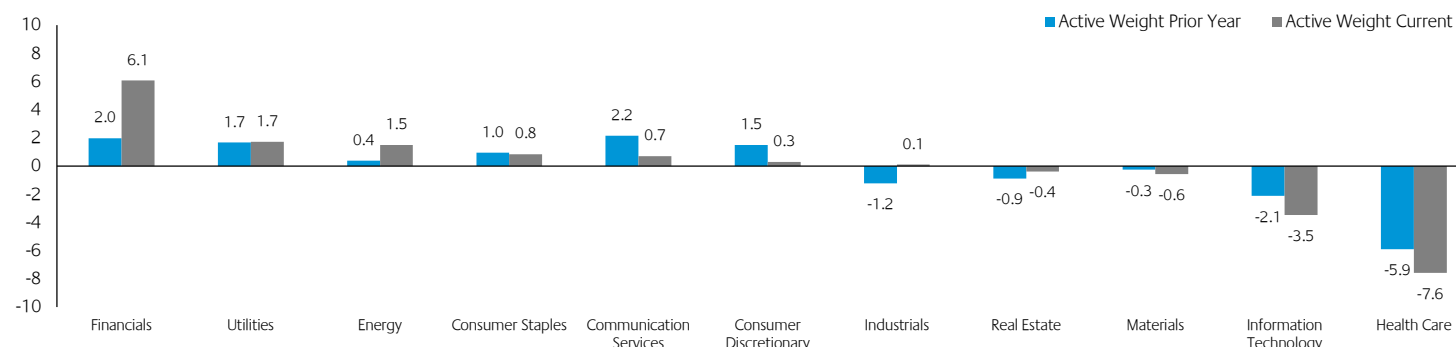
\* Information on Management Costs (including estimated indirect costs) is set out in the Fund's PDS.

### Performance Summary (%)

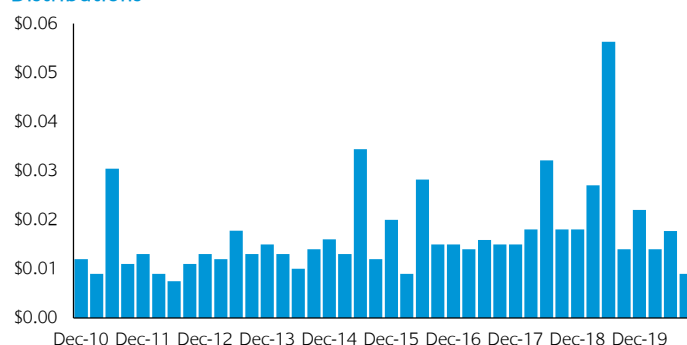
| Period            | 1mth | 3mth | 1yr  | 3yr  | 5yr | 7yr  | 10yr | SI  |
|-------------------|------|------|------|------|-----|------|------|-----|
| Net return        | 13.1 | 11.5 | -2.5 | 6.0  | 9.2 | 6.9  | 8.1  | 9.8 |
| Benchmark return  | 10.2 | 8.2  | -2.0 | 6.9  | 9.1 | 7.3  | 8.1  | 9.5 |
| Excess net return | 2.9  | 3.3  | -0.5 | -0.9 | 0.2 | -0.4 | 0.0  | 0.3 |
| Income return     | 0.0  | 0.9  | 5.2  | 7.0  | 6.7 | 6.3  | 6.1  | 5.7 |
| Growth return     | 13.1 | 10.6 | -7.7 | -1.0 | 2.5 | 0.6  | 2.1  | 4.2 |

Note: Net return is the return after management fee

### Fund Active Sector Positions (%)



### Distributions



### Top 10 Holdings

| Stock                   | Fund Weight | Benchmark Weight | Active Weight |
|-------------------------|-------------|------------------|---------------|
| Commonwealth Bank       | 7.24        | 7.73             | -0.50         |
| ANZ Bank                | 6.14        | 3.55             | 2.60          |
| Westpac Bank            | 6.00        | 4.02             | 1.98          |
| BHP Group               | 5.69        | 6.20             | -0.50         |
| National Australia Bank | 5.60        | 4.16             | 1.44          |
| Telstra                 | 3.16        | 2.02             | 1.14          |
| Wesfarmers              | 2.96        | 3.10             | -0.14         |
| Woolworths              | 2.69        | 2.58             | 0.11          |
| Fortescue Metals        | 2.65        | 1.67             | 0.98          |
| Macquarie Group         | 2.20        | 2.60             | -0.40         |

### Risk Characteristics

| Period                           | 1yr  | 3yr  | 5yr  | 7yr  | 10yr | SI   |
|----------------------------------|------|------|------|------|------|------|
| Fund standard deviation (%)      | 29.0 | 18.3 | 15.4 | 14.7 | 13.8 | 14.5 |
| Benchmark standard deviation (%) | 27.3 | 17.6 | 14.9 | 14.3 | 13.6 | 13.8 |
| Tracking error (%)               | 3.5  | 2.4  | 2.5  | 2.2  | 2.1  | 2.3  |
| Fund Sharpe ratio                | -0.1 | 0.3  | 0.5  | 0.3  | 0.4  | 0.5  |
| Information ratio                | -0.2 | -0.4 | 0.1  | -0.2 | 0.0  | 0.1  |
| Beta                             | 1.1  | 1.0  | 1.0  | 1.0  | 1.0  | 1.0  |
| Cashflow adjusted turnover (%)   | 16.0 | 14.7 | 14.1 | 14.0 | 13.7 |      |

## Realindex Australian Share Fund-Class A

### Top 5 Contributors To Performance (1 Month)

| Stock                   | Value added |
|-------------------------|-------------|
| CSL                     | 0.44%       |
| ANZ Bank                | 0.31%       |
| National Australia Bank | 0.21%       |
| Afterpay Touch          | 0.16%       |
| Qantas                  | 0.14%       |

### Top 5 Detractors From Performance (1 Month)

| Stock              | Value detracted |
|--------------------|-----------------|
| Coles Group        | -0.09%          |
| Super Retail Group | -0.08%          |
| Xero               | -0.07%          |
| Fortescue Metals   | -0.06%          |
| Metcash            | -0.05%          |

The Realindex Australian Shares Fund returned +13.15% (net of fees) during November, outperforming the S&P/ASX 200 benchmark which returned +10.21%.

The Australian market delivered its best month in over 30 years with a prominent rotation into value and domestic cyclical stocks. As a result Value stocks strongly outperformed Growth stocks by 8.3% over the month (S&P Australia BMI Value +14.7% vs. Growth +6.5%).

The portfolio has been positioned in companies with solid fundamentals that have been neglected or lagged in the strong growth-oriented market of recent times. Whilst uncomfortable, we have often said that it is prudent to be patient as there is typically very little warning when thematic reverse - the rotation into value in November was one of these moments.

The standout performer at the sector level was the portfolio's overweight allocation to the Financials (+16.1%) sector which was the largest contributor to performance. This largely came from the portfolio's net overweight to banks, specifically overweights to NAB (+24.8%), ANZ (+22.6%) and Westpac (+14.3%).

After detracting over recent times, the underweight to Healthcare was also a large contributor to relative performance. This was largely driven by the portfolio's large underweight to CSL (+3.4%) and was supplemented by a large bounce in beaten up value stocks in the aged care industry: Japara (+94.8%) Regis (+69.4%) and Estia (+27.8%).

Travel related stocks were strong on positive news of vaccine developments. Overweights to Qantas (+28.4%) and Air New Zealand (30.6%) were large contributors to performance and more than compensated for underweights to Webjet (+65.3%), Flight Centre (+52.0%) and Sydney Airport (23.1%).

The underweight to gold stocks also benefited as gold fell -5.4% in line with the risk-on market conditions. Amongst the contributors were underweight positions in Northern Star (-15.1%) and Evolution Mining (-10.3%).

The Consumer Staples sector detracted some performance, coming mainly from companies that were more resilient during the market uncertainty this year. This included overweights to Coles (+0.6%), Metcash (+0.0%) and Woolworths (-3.1%).

The portfolio offers a valuation discount to the market-cap benchmark, as measured by price-to-sales (39.2% discount), price-to-cashflow (27.3% discount), and price-to-book (11.9% discount), as well as a dividend yield higher than the benchmark (14.4% premium).

Note: Percentage figures in parenthesis show total return in Australian dollars for the month ending 30 November 2020 unless otherwise noted.

Performance returns are calculated net of management fees and transaction costs. Performance returns for periods greater than one year are annualised. Past performance is not a reliable indicator of future performance.

Data source: First Sentier Investors 2020

Data as at: 30 November 2020

**Portfolio Beta** measures the portfolio's sensitivity to benchmark movements. Mathematically, it is the covariance of the portfolio vs the benchmark divided by the variance of the benchmark. The covariance and variance are ex ante calculations based on current weights and historic patterns of return over the past five years.

**Turnover** is the average of sales and purchases divided by the average portfolio size.

**Cashflow Adjusted Turnover** is the same as above, except that the lesser of sales and purchases is used in place of the average of the two. This is to adjust for turnover that is related to investing inflows or selling stocks to meet outflows rather than related to active management of the portfolio.

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