

# Realindex Australian Share Fund-Class A

## Monthly Factsheet

31 January 2022

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\$)	2,737 million
Benchmark	S&P/ASX 200 Accumulation Index
Number of stock holdings	196
Buy / Sell spread	0.05% / 0.05%
Minimum investment (A\$)	25,000
Management cost (p.a.)*	0.36%

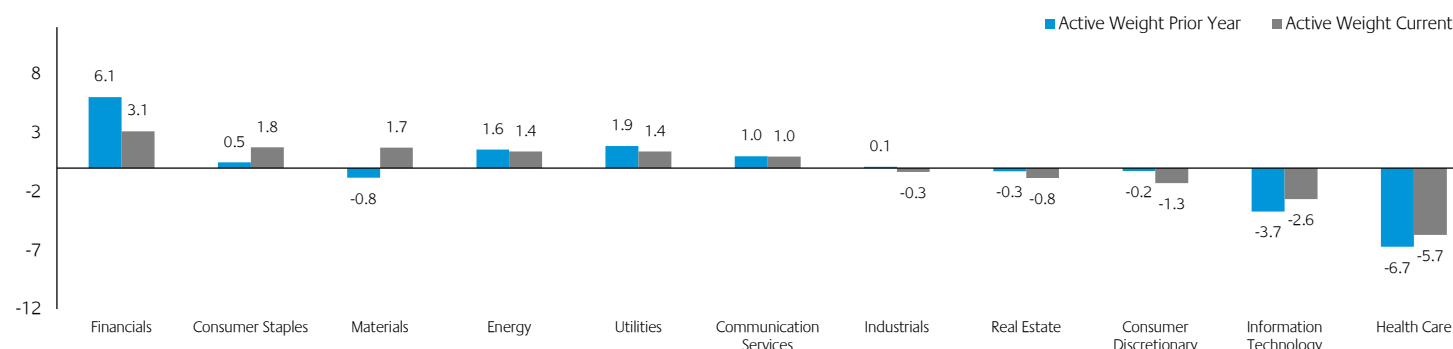
\* Information on Management Costs (including estimated indirect costs) is set out in the Fund's PDS.

### Performance Summary (%)

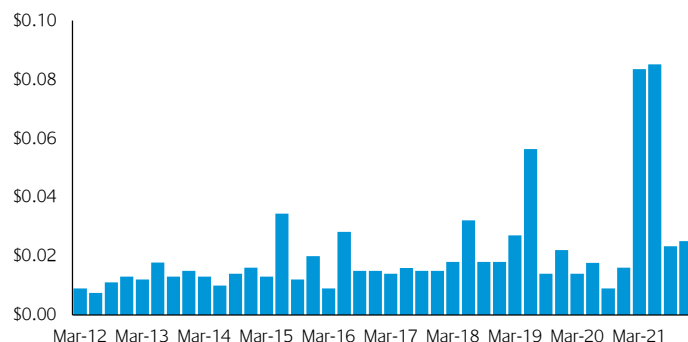
Period	1mth	3mth	1yr	3yr	5yr	7yr	10yr	SI
Net return	-4.1	-1.7	11.4	10.2	8.1	7.7	9.9	10.0
Benchmark return	-6.4	-4.3	9.4	9.8	8.5	7.5	9.5	9.5
Excess net return	2.3	2.6	2.0	0.4	-0.4	0.2	0.4	0.5
Income return	0.0	2.0	17.1	10.7	8.7	8.1	7.2	6.6
Growth return	-4.1	-3.7	-5.7	-0.5	-0.6	-0.4	2.7	3.4

Note: Net return is the return after management fee

### Fund Active Sector Positions (%)



### Distributions



### Top 10 Holdings

Stock	Fund Weight	Benchmark Weight	Active Weight
BHP Group	11.66	11.26	0.40
Commonwealth Bank	6.81	7.68	-0.87
ANZ Bank	5.23	3.59	1.64
National Australia Bank	4.98	4.27	0.70
Westpac Bank	4.77	3.57	1.19
Telstra	3.39	2.24	1.15
Fortescue Metals	3.03	1.62	1.41
Woolworths	2.41	2.00	0.41
Macquarie Group	2.36	3.12	-0.76
Wesfarmers	2.30	2.87	-0.57

### Risk Characteristics

Period	1yr	3yr	5yr	7yr	10yr	SI
Fund standard deviation (%)	7.7	17.9	14.8	14.4	13.5	14.0
Benchmark standard deviation (%)	9.1	17.3	14.4	14.1	13.2	13.5
Tracking error (%)	3.4	3.0	2.6	2.6	2.2	2.4
Fund Sharpe ratio	1.5	0.6	0.5	0.4	0.6	0.5
Information ratio	0.6	0.1	-0.2	0.1	0.2	0.2
Beta	0.8	1.0	1.0	1.0	1.0	1.0
Cashflow adjusted turnover (%)	19.0	16.1	15.3	15.4	14.0	

## Realindex Australian Share Fund-Class A

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

Stock	Value added
CSL	0.20%
Afterpay Touch	0.17%
BHP Group	0.16%
Fortescue Metals	0.14%
AGL	0.13%

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

Stock	Value detracted
Sydney Airport	-0.05%
Metcash	-0.03%
Coles Group	-0.03%
Pilbara Minerals	-0.03%
AMP	-0.02%

The Realindex Australian Shares Fund returned -4.08% (net of fees) during January, outperforming the S&P/ASX 200 benchmark which returned -6.35%.

Value stocks outperformed Growth stocks by 3.3% over the month (S&P Australia BMI Value -4.9% vs. Growth -8.3%). Over the past year, Value has beaten Growth, outperforming by 2.8%, but lagged on a five-year basis by 3.4% p.a., providing a significant longer-term performance headwind.

Global equity markets braced for a volatile start in 2022 driven by concerns around tighter Central Bank policy in the US. The growing tensions between Russia and Ukraine and disappointing earnings calls from major US firms also added to global market uncertainty. The result was a large sell off in equity markets that the Australian market was not immune from. Resource rich economies befitted from the prevailing environment; Australian resources were one of the few pockets of the market which performed during this period. The S&P ASX 200 Energy index returned 7.9%, while IT, Health Care and the consumer sectors all significantly underperformed. Small Caps also underperformed larger companies as investors sought refuge in lower risk, value oriented names; the ASX 100 posting a 6.1% loss for the month versus the ASX Small Ordinaries with posted a 9.0% loss for the month.

Materials was the largest contributor for the month driven by the portfolio's stock selection in Metals and Mining, mainly from its overweight position in BHP (+11.7%). The portfolio's underweight to IT which as a sector underperformed in January amidst the global tech sell off, contributed to performance, with the underweight to Afterpay (-19.9%) being a key driver. Most sectors contributed to performance mainly driven by stock selection effects. The main detractor from a sector perspective was the overweight allocation to Consumer Staples. From a style perspective, relative value was rewarded in the market, but so too, low risk stocks as measured by their historical price volatility. Most other styles including momentum and other dimensions of firm quality were shunned by investors.

The portfolio offers a valuation discount to the market-cap benchmark, as measured by price-to-sales (35.7% discount), price-to-cashflow (28.3% discount), and price-to-book (22.5% discount), as well as a dividend yield higher than the benchmark (18.3% premium).

Note: Percentage figures in parenthesis show total return in Australian dollars for the month ending 31 January 2022 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 2022

Data as at: 31 January 2022

**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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