

Realindex Australian Share Fund-Class A

Monthly Factsheet

28 February 2021

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\$)	6,295 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%

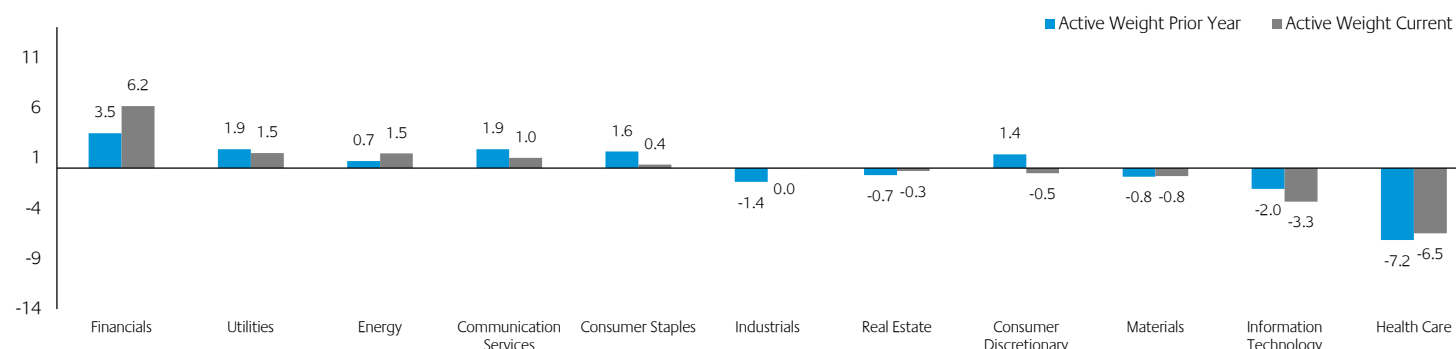
* Information on Management Costs (including estimated indirect costs) is set out in the Fund's PDS.

Performance Summary (%)

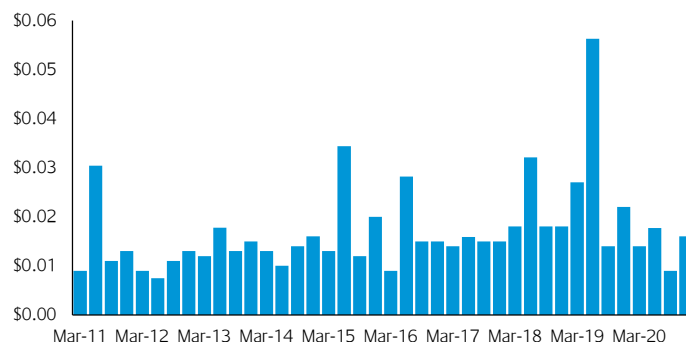
Period	1mth	3mth	1yr	3yr	5yr	7yr	10yr	SI
Net return	2.6	4.9	9.6	7.2	11.3	7.2	8.1	10.0
Benchmark return	1.5	3.0	6.5	7.4	10.7	7.4	7.8	9.6
Excess net return	1.1	1.9	3.1	-0.2	0.5	-0.2	0.3	0.5
Income return	0.0	1.3	5.4	7.2	6.7	6.3	6.1	5.7
Growth return	2.6	3.6	4.1	0.0	4.5	0.9	2.0	4.4

Note: Net return is the return after management fee

Fund Active Sector Positions (%)



Distributions



Top 10 Holdings

Stock	Fund Weight	Benchmark Weight	Active Weight
Commonwealth Bank	7.00	7.76	-0.76
Westpac Bank	6.95	4.61	2.34
BHP Group	6.85	7.76	-0.92
ANZ Bank	6.72	3.99	2.74
National Australia Bank	5.77	4.35	1.42
Telstra	3.09	1.96	1.12
Fortescue Metals	2.89	2.15	0.74
Woolworths	2.65	2.67	-0.03
Wesfarmers	2.55	2.99	-0.44
Rio Tinto	2.35	2.53	-0.19

Risk Characteristics

Period	1yr	3yr	5yr	7yr	10yr	SI
Fund standard deviation (%)	27.4	18.3	15.1	14.6	13.8	14.3
Benchmark standard deviation (%)	25.6	17.5	14.6	14.2	13.5	13.7
Tracking error (%)	3.4	2.5	2.5	2.3	2.1	2.3
Fund Sharpe ratio	0.3	0.4	0.7	0.4	0.4	0.5
Information ratio	0.9	-0.1	0.2	-0.1	0.1	0.2
Beta	1.1	1.0	1.0	1.0	1.0	1.0
Cashflow adjusted turnover (%)	15.0	14.5	14.6	14.1	13.8	

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Top 5 Contributors To Performance (1 Month)

Stock	Value added
CSL	0.26%
Westpac Bank	0.25%
ANZ Bank	0.23%
Afterpay Touch	0.22%
Northern Star Resources	0.14%

Top 5 Detractors From Performance (1 Month)

Stock	Value detracted
Meridian Energy Limited	-0.14%
CIMIC	-0.12%
Caltex Australia	-0.09%
BHP Group	-0.08%
Coles Group	-0.08%

The Realindex Australian Shares Fund returned +2.59% (net of fees) during February, outperforming the S&P/ASX 200 benchmark which returned +1.45%.

Value stocks again outperformed Growth stocks by 4.7% over the month (S&P Australia BMI Value +4.1% vs. Growth -0.6%). Over the past year Value is now ahead of Growth by 1.6%, much of this occurring since the rotation into value that began in mid November 2020.

At the sector lever, the portfolio's overweight allocation to Financials was the largest contributor. This largely came from the portfolio's net overweight to banks, specifically Westpac (+12.7%), ANZ (+10.4%) and NAB (+4.7%).

After detracting for much of the past year a large contributor to relative performance came from not holding Afterpay (-11.5%) which had a volatile month, reaching an all-time high of \$160.05 before being aggressively sold off in the last week of the month. Also at the stock level the portfolio's large underweight to CSL (-3.4%, the largest underweight position) was the largest contributor to relative performance.

Also adding value was the portfolio's net underweight exposure to gold stocks (after the commodity fell -6.6%), including Northern Star (-20.5%) and Evolution Mining (-11.2%).

The only significant detractor came from the portfolio's overweight to utilities including AGL (-14.8%) and New Zealand power companies Meridian Energy (-20.6%) and Mercury (-15.3%).

February is reporting season in the Australian market and whilst portfolio performance was more affected by global equity market moves there were some stock specific influences. A large underweight to A2 Milk (-16.0%) added to performance whilst not holding Afterpay competitor Zip (+43.1%) and Virgin Money (+39.5%) detracted value.

The portfolio offers a valuation discount to the market-cap benchmark, as measured by price-to-sales (30.1% discount), price-to-cashflow (17.6% discount), and price-to-book (23.3% discount), as well as a dividend yield higher than the benchmark (11.6% premium).

Note: Percentage figures in parenthesis show total return in Australian dollars for the month ending 28 February 2021 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 2021

Data as at: 28 February 2021

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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