

Realindex Australian Share Fund-Class A

Monthly Factsheet

31 May 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\$)	2,822 million
Benchmark	S&P/ASX 200 Accumulation Index
Number of stock holdings	207
Buy / Sell spread	0.05% / 0.05%
Minimum investment (A\$)	25,000
Management cost (p.a.)*	0.36%

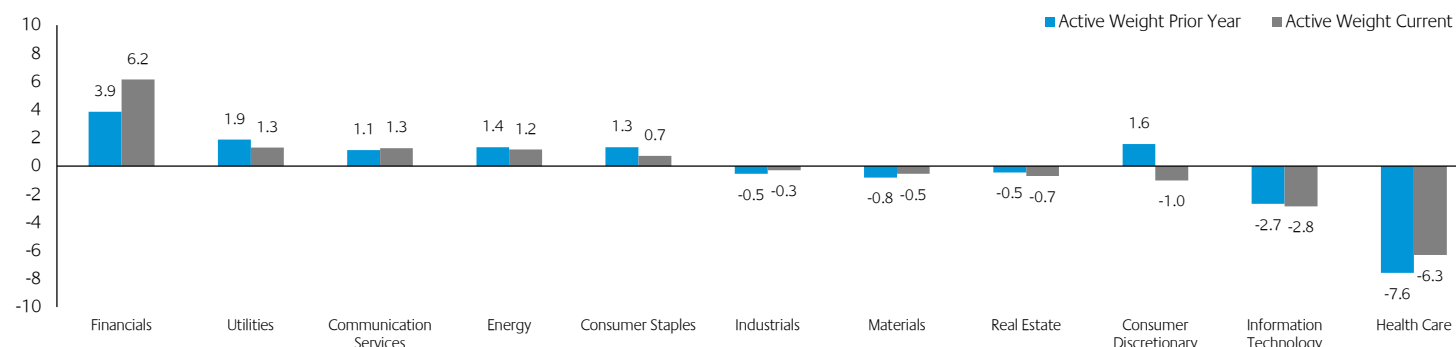
* Information on Management Costs (including estimated indirect costs) is set out in the Fund's PDS.

Performance Summary (%)

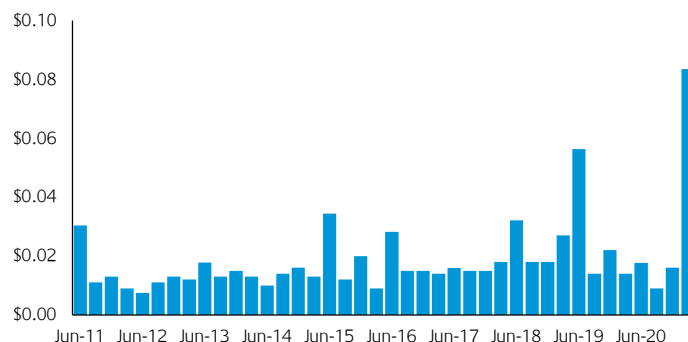
Period	1mth	3mth	1yr	3yr	5yr	7yr	10yr	SI
Net return	2.6	8.5	33.8	10.1	10.6	8.1	9.2	10.6
Benchmark return	2.3	8.5	28.2	9.9	10.1	8.2	8.8	10.1
Excess net return	0.3	0.1	5.5	0.1	0.5	-0.1	0.3	0.4
Income return	0.0	6.7	12.7	9.0	7.8	7.1	6.7	6.1
Growth return	2.6	1.9	21.1	1.0	2.8	1.0	2.4	4.4

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	8.16	8.81	-0.65
Westpac Bank	7.16	4.83	2.33
ANZ Bank	6.65	4.07	2.58
BHP Group	6.13	7.02	-0.89
National Australia Bank	5.69	4.43	1.26
Telstra	3.45	2.09	1.37
Woolworths	2.81	2.62	0.19
Wesfarmers	2.58	3.13	-0.55
Fortescue Metals	2.51	1.86	0.66
Rio Tinto	2.25	2.29	-0.04

Risk Characteristics

Period	1yr	3yr	5yr	7yr	10yr	SI
Fund standard deviation (%)	12.9	18.1	14.9	14.7	13.8	14.2
Benchmark standard deviation (%)	10.4	17.4	14.5	14.2	13.6	13.6
Tracking error (%)	3.2	2.6	2.3	2.3	2.1	2.3
Fund Sharpe ratio	2.6	0.6	0.6	0.4	0.5	0.5
Information ratio	1.8	0.0	0.2	0.0	0.2	0.2
Beta	1.2	1.0	1.0	1.0	1.0	1.0
Cashflow adjusted turnover (%)	12.7	13.9	13.6	13.9	12.7	

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Top 5 Contributors To Performance (1 Month)

Stock	Value added
Afterpay Touch	0.33%
Westpac Bank	0.13%
Xero	0.06%
Transurban	0.06%
The a2 Milk Company	0.06%

Top 5 Detractors From Performance (1 Month)

Stock	Value detracted
CSL	-0.23%
Commonwealth Bank	-0.06%
AGL	-0.06%
Aristocrat Leisure	-0.06%
Northern Star Resources	-0.05%

The Realindex Australian Shares Fund returned +2.63% (net of fees) during May, outperforming the S&P/ASX 200 benchmark which returned +2.34%.

Value stocks outperformed Growth stocks by 0.6% over the month (S&P Australia BMI Value +2.8% vs. Growth +2.1%). Over the past year, Value outperformed Growth by 16.4%, and on a five year basis underperformed by 0.8% p.a.

The portfolio's underweight allocation to the weak Information Technology sector was by far the biggest contributor to performance. This came from stocks not held in the portfolio, led by Afterpay (-21.4%, by far the largest stock level contributor for the month) and supplemented by smaller stocks including EML Payments (-41.9%) and Nuix (-33.1%).

The portfolio's overweight allocation to Financials was also positive driven by the portfolio's net overweight to banks, specifically Westpac (+8.2%), whilst overweights to insurance companies QBE (+11.1%) and Suncorp (+5.8%) also added value.

Stock selection within Materials was the largest sector detractor coming largely from the underweight exposure to gold stocks (after the base commodity gained over 8% over the month). In addition iron ore stocks were weaker (after extremely strong returns for an extended period of time) with overweights to Fortescue (-0.7%) and Mt Gibson (-7.0%) detracting.

The largest stock level detractor was the underweight to CSL (+7.0%) which was stronger after underperforming for much of the past year. On the positive side underweights to A2 Milk (-23.5%) and Transurban (-2.0%) added to relative performance.

The portfolio offers a valuation discount to the market-cap benchmark, as measured by price-to-sales (30.5% discount), price-to-cashflow (15.6% discount), and price-to-book (22.8% discount), as well as a dividend yield higher than the benchmark (17.2% premium).

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