

Realindex Australian Share Fund-Class A

Monthly Factsheet

31 August 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\$)	2,867 million
Benchmark	S&P/ASX 200 Accumulation Index
Number of stock holdings	205
Buy / Sell spread	0.05% / 0.05%
Minimum investment (A\$)	25,000
Management cost (p.a.)*	0.36%

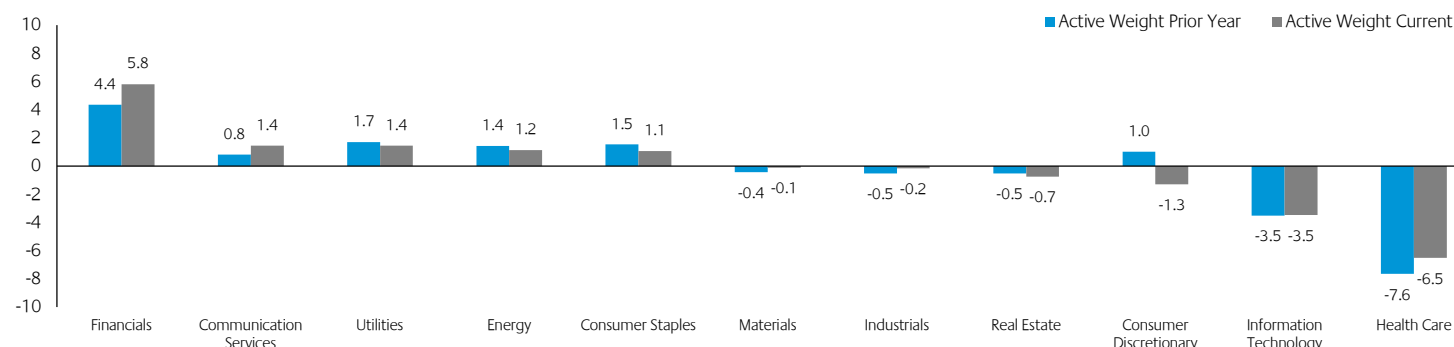
* Information on Management Costs (including estimated indirect costs) is set out in the Fund's PDS.

Performance Summary (%)

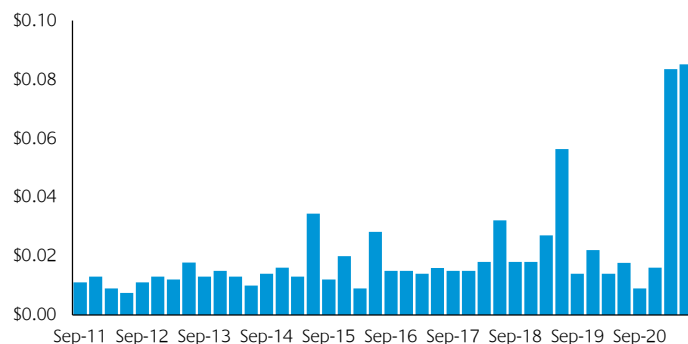
Period	1mth	3mth	1yr	3yr	5yr	7yr	10yr	SI
Net return	1.3	3.9	32.0	9.8	10.6	8.2	10.5	10.7
Benchmark return	2.5	6.0	28.1	9.9	10.9	8.6	10.3	10.4
Excess net return	-1.2	-2.1	3.8	-0.1	-0.4	-0.4	0.2	0.3
Income return	0.0	6.5	18.2	10.3	8.6	7.9	7.2	6.5
Growth return	1.3	-2.6	13.8	-0.6	1.9	0.3	3.3	4.1

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	7.74	8.41	-0.67
Westpac Bank	6.52	4.48	2.03
ANZ Bank	6.00	3.75	2.25
BHP Group	5.65	6.36	-0.71
National Australia Bank	5.54	4.33	1.21
Telstra	3.65	2.16	1.49
Woolworths	2.78	2.51	0.28
Wesfarmers	2.63	3.22	-0.59
Fortescue Metals	2.29	1.65	0.64
Macquarie Group	2.29	2.68	-0.40

Risk Characteristics

Period	1yr	3yr	5yr	7yr	10yr	SI
Fund standard deviation (%)	12.8	18.1	14.6	14.6	13.7	14.1
Benchmark standard deviation (%)	10.3	17.3	14.2	14.1	13.4	13.5
Tracking error (%)	3.5	2.6	2.3	2.3	2.1	2.3
Fund Sharpe ratio	2.5	0.6	0.6	0.5	0.6	0.6
Information ratio	1.1	0.0	-0.2	-0.2	0.1	0.1
Beta	1.2	1.0	1.0	1.0	1.0	1.0
Cashflow adjusted turnover (%)	11.9	13.9	13.8	13.9	13.0	

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Top 5 Contributors To Performance (1 Month)

Stock	Value added
BHP Group	0.15%
Suncorp	0.08%
Cochlear	0.06%
Westpac Bank	0.05%
National Australia Bank	0.05%

Top 5 Detractors From Performance (1 Month)

Stock	Value detracted
Afterpay Touch	-0.40%
CSL	-0.26%
Fortescue Metals	-0.14%
WiseTech Global	-0.11%
Metcash	-0.08%

The Realindex Australian Shares Fund returned +1.34% (net of fees) during August, versus the S&P/ASX 200 benchmark which returned +2.50%.

Value stocks underperformed Growth stocks by 1.9% over the month (S&P Australia BMI Value +1.8% vs. Growth +3.7%). Over the past year, the magnitude of the Value tailwind has been considerable, with Value versus Growth outperforming by 8.4%. However, on a five year basis Value has underperformed Growth by 2.6% p.a., providing a longer-term performance headwind.

The largest detractor came from not holding Afterpay (+39.2%) which surged after receiving a takeover offer by US tech company Square. At \$39 billion it is the largest company buyout in Australian history.

The underweight to the Healthcare sector also detracted. This was largely driven by CSL (+8.0%, the portfolio's largest underweight), in addition to smaller caps not held including Clinuval (+37.7%), Nanosonics (+24.9%) and Pro Medicus (+9.5%).

Iron ore fell 31.7% wiping out almost all of 2021's gains. This affected miners Fortescue Metals (-15.7%), Grange Resources (-26.6%) and Mt Gibson (-29.1%), all of which are held as overweight positions in the portfolio.

Contributors were limited to specific stocks. An underweight to BHP (-14.7%) was the largest contributor to relative performance. In addition to being affected by the price of iron ore, the stock was also heavily sold off after announcing the sale of its Oil & Gas assets to Woodside Petroleum and its intentions to end its dual listing company structure. The overweight to Qantas (+10.9%) was positive despite the company reporting a full year loss of \$1.8b as it estimates its total revenue loss from Covid to be \$16b.

The portfolio offers a valuation discount to the market-cap benchmark, as measured by price-to-sales (35.0% discount), price-to-cashflow (19.1% discount), and price-to-book (25.5% discount), as well as a dividend yield higher than the benchmark (21.1% premium).

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