

# Realindex Australian Share Fund-Class A



## Quarterly Factsheet

30 June 2022

### 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 (AS)           | 977 million                    |
| Benchmark                | S&P/ASX 200 Accumulation Index |
| Number of stock holdings | 167                            |
| Buy / Sell spread        | 0.05% / 0.05%                  |
| Minimum investment (AS)  | 25,000                         |
| Management cost (p.a.)*  | 0.36%                          |

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

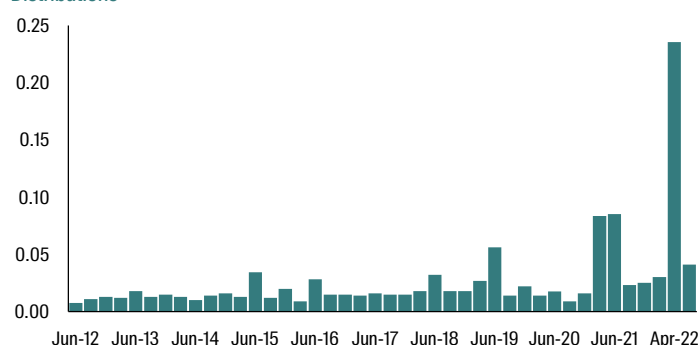
### Performance Summary (%)

| Period            | 3mth  | 1yr   | 3yr   | 5yr  | 7yr  | 10yr | SI  |
|-------------------|-------|-------|-------|------|------|------|-----|
| Net return        | -10.9 | -2.6  | 4.6   | 7.3  | 7.6  | 9.8  | 9.6 |
| Benchmark return  | -11.9 | -6.5  | 3.3   | 6.8  | 6.9  | 9.3  | 8.9 |
| Excess net return | 1.0   | 3.9   | 1.3   | 0.5  | 0.7  | 0.5  | 0.7 |
| Income return     | 19.1  | 25.4  | 16.3  | 13.3 | 11.2 | 9.7  | 8.4 |
| Growth return     | -29.9 | -28.0 | -11.7 | -6.0 | -3.6 | 0.1  | 1.2 |

Note: Net return is the return after management fee

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### Distributions



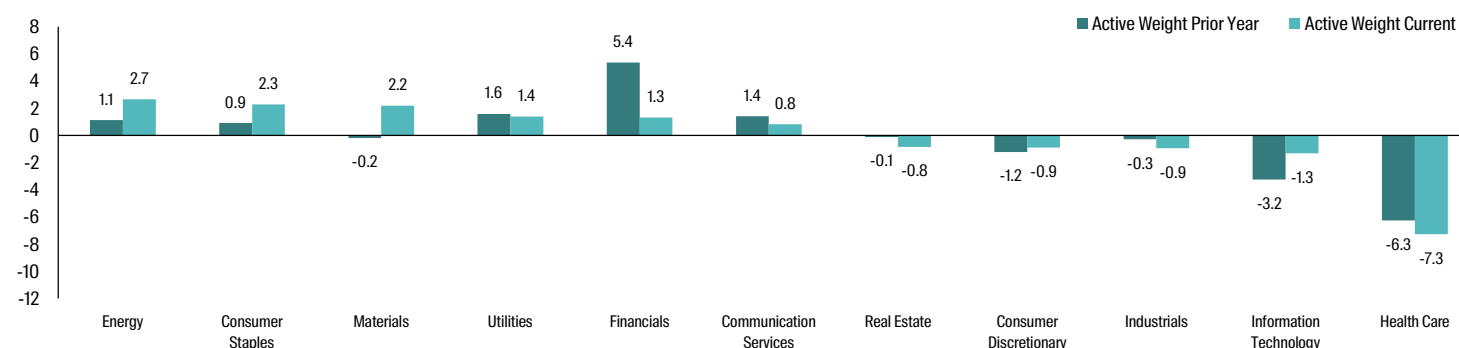
### Top 10 Holdings

| Stock                   | Fund Weight | Benchmark Weight | Active Weight |
|-------------------------|-------------|------------------|---------------|
| BHP Group               | 11.48       | 10.78            | 0.69          |
| Commonwealth Bank       | 6.57        | 7.96             | -1.40         |
| National Australia Bank | 5.57        | 4.55             | 1.03          |
| Westpac Bank            | 4.32        | 3.52             | 0.79          |
| ANZ Bank                | 4.28        | 3.18             | 1.10          |
| Woodside Petroleum      | 4.09        | 3.10             | 0.99          |
| Fortescue Metals        | 3.78        | 1.53             | 2.25          |
| Telstra                 | 3.78        | 2.31             | 1.47          |
| Woolworths              | 2.79        | 2.23             | 0.56          |
| Coles Group             | 2.08        | 1.23             | 0.86          |

### Risk Characteristics

| Period                           | 1yr  | 3yr  | 5yr  | 7yr  | 10yr | SI   |
|----------------------------------|------|------|------|------|------|------|
| Fund standard deviation (%)      | 13.5 | 19.0 | 15.6 | 14.7 | 13.8 | 14.2 |
| Benchmark standard deviation (%) | 13.9 | 18.2 | 15.3 | 14.4 | 13.5 | 13.6 |
| Tracking error (%)               | 3.5  | 3.2  | 2.7  | 2.6  | 2.3  | 2.4  |
| Fund Sharpe ratio                | -0.2 | 0.2  | 0.4  | 0.4  | 0.6  | 0.5  |
| Information ratio                | 1.1  | 0.4  | 0.2  | 0.3  | 0.2  | 0.3  |
| Beta                             | 0.9  | 1.0  | 1.0  | 1.0  | 1.0  | 1.0  |
| Cashflow adjusted turnover (%)   | 27.0 | 18.4 | 16.6 | 16.3 | 15.1 |      |

### Fund Active Sector Positions (%)



## Top 5 Contributors To Performance (3 Months)

| Stock                   | Value added |
|-------------------------|-------------|
| Block Inc CDI 11        | 0.33%       |
| Viva Energy Group       | 0.15%       |
| AGL                     | 0.13%       |
| Northern Star Resources | 0.12%       |
| Goodman Group           | 0.11%       |

## Top 5 Detractors From Performance (3 Months)

| Stock            | Value detracted |
|------------------|-----------------|
| CSL              | -0.55%          |
| Transurban       | -0.27%          |
| Atlas Arteria    | -0.10%          |
| ANZ Bank         | -0.08%          |
| Seven West Media | -0.08%          |

The Realindex Australian Shares Fund returned -10.86% (net of fees) during the June quarter, outperforming the S&P/ASX 200 benchmark which returned -11.90%.

Value stocks outperformed Growth stocks by 2.2% over the quarter (S&P Australia BMI Value -11.7% vs. Growth -13.9%). Over the past year, Value has beaten Growth with Value outperforming by 5.5%, but lagged on a five-year basis by 1.4% p.a., providing a longer-term performance headwind.

The Australian share market finished the quarter lower due to declining investor confidence along with increasing macro headwinds. Inflation and the reserve bank's policy response remained at the centre of investor concerns. The RBA raised the cash rate by 50bps to 1.35% in July, which followed 50bps in June and 25bps in May. The board argued monetary stimulus was no longer needed due to the strength of the economy and labour market coupled with inflationary pressures. During the quarter, we also saw a Labor Party win in the Australian Federal election, with Anthony Albanese elected into power. However, the market response to this has been negligible. The macro environment globally continued to be concerning with several headwinds. The war in Ukraine sees no viable resolution and the continued surge in energy and commodities prices in the second quarter of this year has hampered sentiment. Moreover, we have not seen China's zero-covid policy change materially over the last couple of months, and this has continued to have an impact on global supply chains. Overall, we saw significant rise of inflation rates in developed markets and consequently aggressive cash rate hikes. Similar to Australia, the US labour market saw strength with low unemployment rates (steady at 3.6%) and strong hiring and wage growth. These factors suggest we are in late cycle.

During the quarter, smaller capitalization names fared worse, declining almost twice as much as large cap names in Australia. Large cap value names with high book-to-market and dividend yields performed well on a relative basis. Momentum and low volatility also showed strong factor performance, whilst Growth and high beta stocks underperformed. Overall, in a late cycle, stability, earnings certainty, and value is preferred over Growth. Within the ASX 200 index, IT was the worst performing sector, declining -27.2% during the quarter. REITs also struggled in a rising interest rate environment falling -17.7% (-10.3% in June alone). Only the Energy and Utilities sector yielded positive returns for that quarter at +1.5% and +1.7% respectively.

From a sector perspective, the largest contributor was the underweight to Information Technology and the largest detractor was the underweight to Health Care. The largest stock level contributor was the underweight to Block, Inc. and the largest stock level detractor was the underweight to CSL Limited.

The portfolio offers a valuation discount to the market-cap benchmark, as measured by price-to-sales (37.9% discount), price-to-cashflow (27.4% discount), and price-to-book (17.9% discount), as well as a dividend yield higher than the benchmark (22.6% premium).

Note: Percentage figures in parenthesis show total return in Australian dollars for the quarter ending 30 June 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: 30 June 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.

[www.realindex.com.au](http://www.realindex.com.au)

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