

Realindex Australian Share Fund-Class A



Quarterly Factsheet

30 September 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 (AS)	973 million
Benchmark	S&P/ASX 200 Accumulation Index
Number of stock holdings	156
Buy / Sell spread	0.05% / 0.05%
Minimum investment (AS)	25,000
Management fees and costs (p.a.)*	0.36%

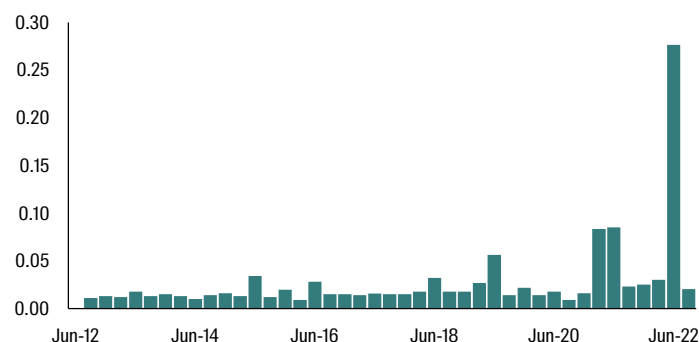
*Information on Management fees and costs (including estimated indirect costs) is set out in the Fund's PDS.

Performance Summary (%)

Period	3mth	1yr	3yr	5yr	7yr	10yr	SI
Net return	0.6	-3.0	4.0	7.2	8.8	8.9	9.5
Benchmark return	0.4	-7.7	2.7	6.8	8.0	8.4	8.8
Excess net return	0.2	4.7	1.3	0.4	0.8	0.5	0.7
Income return	2.2	25.6	16.5	13.5	11.5	9.8	8.4
Growth return	-1.6	-28.5	-12.5	-6.3	-2.7	-0.9	1.1

Note: Net return is the return after management fee

Distributions



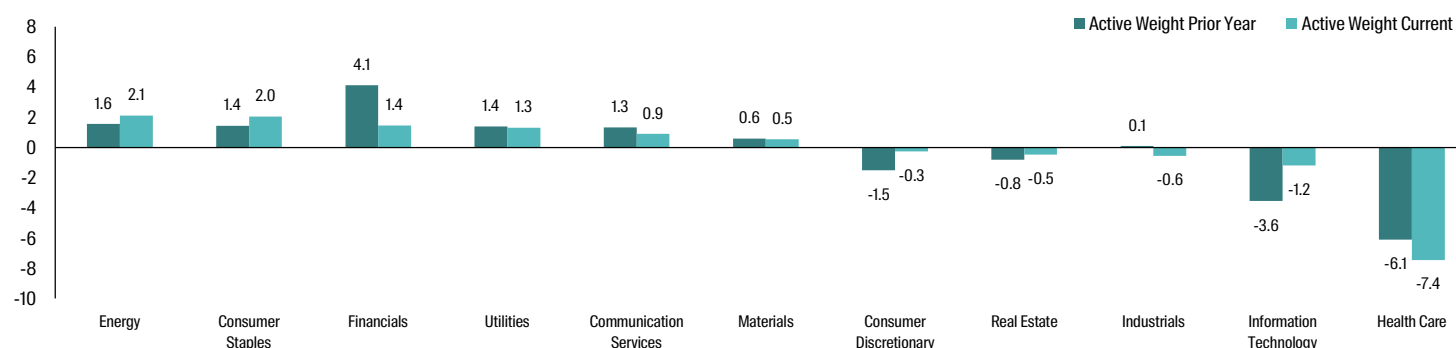
Top 10 Holdings

Stock	Fund Weight	Benchmark Weight	Active Weight
BHP Group	11.39	10.17	1.22
Commonwealth Bank	6.60	8.07	-1.47
National Australia Bank	5.67	4.77	0.90
Westpac Bank	4.75	3.77	0.98
ANZ Bank	4.53	3.55	0.97
Telstra	3.68	2.32	1.36
Woodside Petroleum	3.44	3.13	0.30
Fortescue Metals	3.30	1.49	1.81
Woolworths	2.71	2.15	0.56
Coles Group	1.98	1.14	0.84

Risk Characteristics

Period	1yr	3yr	5yr	7yr	10yr	SI
Fund standard deviation (%)	15.2	19.3	16.0	14.5	14.0	14.2
Benchmark standard deviation (%)	15.9	18.7	15.7	14.3	13.7	13.7
Tracking error (%)	3.5	3.2	2.7	2.7	2.3	2.4
Fund Sharpe ratio	-0.2	0.2	0.4	0.5	0.5	0.5
Information ratio	1.4	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 (%)	30.8	19.9	17.6	17.3	15.7	

Fund Active Sector Positions (%)



Top 5 Attributors To Performance (3 Months)

Stock	Value added
Whitehaven Coal	0.55%
Transurban	0.28%
New Hope	0.19%
Goodman Group	0.13%
AVZ Minerals	0.12%

Top 5 Detractors From Performance (3 Months)

Stock	Value detracted
CSL	-0.35%
Pilbara Minerals	-0.30%
Grange Resources	-0.16%
OZ Minerals	-0.14%
Caltex Australia	-0.13%

The Realindex Australian Shares Fund returned +0.57% (net of fees) during the September quarter, outperforming the S&P/ASX 200 benchmark which returned +0.39%.

Value stocks underperformed Growth stocks by 0.6% over the quarter (S&P Australia BMI Value +0.3% vs. Growth +0.9%). Over the past year, Value has beaten Growth with Value outperforming by 5.7%, but lagged on a five-year basis by 1.8% p.a. providing a longer-term performance headwind.

The Australian share market had a choppy ride as gains earlier in the quarter were largely wiped out in the month of September, with the ASX 200 falling by 6.2%. Small Ordinaries had a tougher time, falling by 11.2%. Annualised year-on-year inflation hovered at 6.8% for August, with local businesses experiencing cost pressures. In response to inflationary concerns, the Reserve Bank of Australia raised the cash rate by 50bps in September and most recently by 25bps in early October to 2.6%. Whilst the labour market remains tight, we are also beginning to see some weakness with the August unemployment rate at 3.5% (a +0.1% increase from July). Consumer confidence continues to be muted and the property market remains downbeat due to rate hikes.

The weak domestic market was also in part driven by international peers, with US inflation remaining higher than expected. Inflation in Europe quickened in September to an annualized rate of 10% on the back of further energy supply disruptions and the alleged sabotage of the Nordstream pipelines. Markets were also rattled by the UK fiscal update with the Pound to Dollar exchange rate sliding to 1.05. China's insistence on its zero-COVID policy continues to be a headwind, although we are beginning to see some government stimulus.

During the quarter, we saw strong performance by Energy (+5.9%) while Utilities (-12.5%), REITs (-6.7%) and Industrials (-5.5%), all posted heavy losses. The month of September was particularly volatile, with REITs falling by -13.6% on the back of continued rate hikes and a weakening housing market.

From a sector perspective, the largest contributor was the overweight to Energy and the largest detractor was the overweight to Materials. The largest stock level contributor was the overweight to Whitehaven Coal Limited 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 (35.2% discount), price-to-cashflow (28.6% discount), and price-to-book (16.8% discount), as well as a dividend yield higher than the benchmark (20.7% premium).

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

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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