

# Realindex Australian Share Fund-Class A



## Monthly Factsheet

31 May 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)	1,082 million
Benchmark	S&P/ASX 200 Accumulation Index
Number of stock holdings	200
Buy / Sell spread	0.05% / 0.05%
Minimum investment (AS)	25,000
Management cost (p.a.)*	0.36%

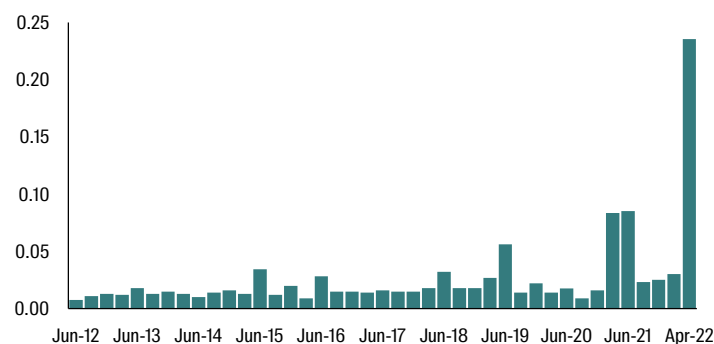
\* Information on Management Costs (including estimated indirect costs) is set out in the Fund's PDS.

### Performance Summary (%)

Period	1mth	3mth	1yr	3yr	5yr	7yr	10yr	SI
Net return	-2.5	4.4	8.6	9.1	9.3	8.1	10.9	10.4
Benchmark return	-2.6	3.2	4.8	7.8	8.8	7.5	10.4	9.7
Excess net return	0.1	1.2	3.8	1.3	0.5	0.6	0.5	0.7
Income return	0.0	20.6	30.0	16.9	12.9	11.1	9.5	8.1
Growth return	-2.5	-16.2	-21.4	-7.8	-3.6	-3.0	1.4	2.3

Note: Net return is the return after management fee

### Distributions



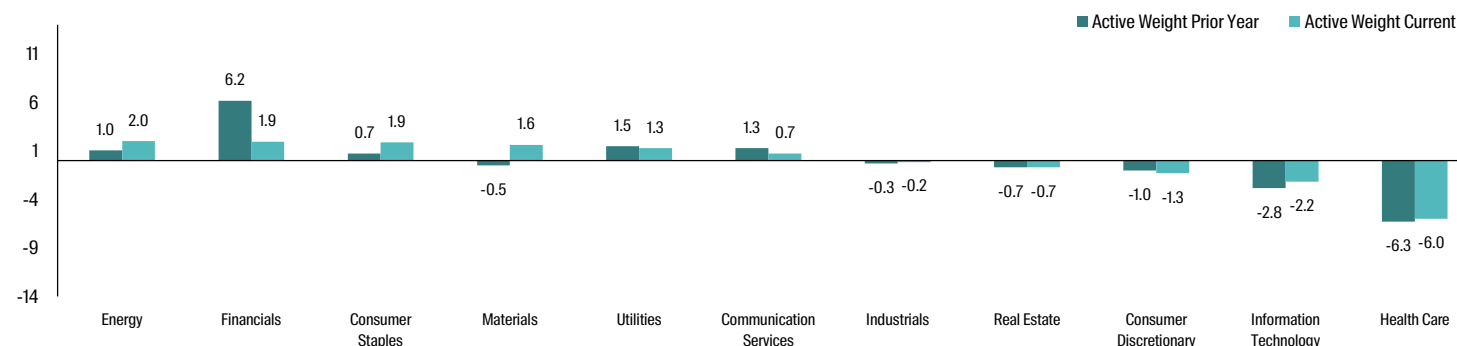
### Top 10 Holdings

Stock	Fund Weight	Benchmark Weight	Active Weight
BHP Group	10.86	10.60	0.26
Commonwealth Bank	6.84	8.36	-1.52
National Australia Bank	5.28	4.76	0.53
Westpac Bank	5.23	3.92	1.31
ANZ Bank	4.64	3.31	1.33
Fortescue Metals	3.28	1.60	1.68
Telstra	3.10	2.14	0.96
Woodside Petroleum	3.05	2.63	0.42
Woolworths	2.33	1.97	0.36
Rio Tinto	2.30	1.99	0.31

### Risk Characteristics

Period	1yr	3yr	5yr	7yr	10yr	SI
Fund standard deviation (%)	10.1	18.2	15.0	14.5	13.5	14.0
Benchmark standard deviation (%)	11.0	17.5	14.6	14.1	13.2	13.4
Tracking error (%)	3.6	3.2	2.7	2.7	2.3	2.4
Fund Sharpe ratio	0.8	0.6	0.6	0.5	0.7	0.6
Information ratio	1.0	0.4	0.2	0.2	0.2	0.3
Beta	0.9	1.0	1.0	1.0	1.0	1.0
Cashflow adjusted turnover (%)	20.0	16.3	15.1	14.8	14.3	

### Fund Active Sector Positions (%)



## Top 5 Contributors To Performance (1 Month)

Stock	Value added
Goodman Group	0.14%
Grange Resources	0.07%
Block Inc CDI 11	0.07%
Macquarie Group	0.07%
Westpac Bank	0.06%

## Top 5 Detractors From Performance (1 Month)

Stock	Value detracted
CSL	-0.09%
Seven West Media	-0.08%
Fortescue Metals	-0.07%
Orocobre	-0.05%
Commonwealth Bank	-0.05%

The Realindex Australian Shares Fund returned -2.52% (net of fees) during May, outperforming the S&P/ASX 200 benchmark which returned -2.60%.

Value stocks outperformed Growth stocks by 3.8% over the month (S&P Australia BMI Value +0.7% vs. Growth -3.1%). Over the past year, Value has beaten Growth with Value outperforming by 6.8%, but lagged on a five-year basis by 2.2% p.a., providing a longer-term performance headwind.

April saw the continuation of major themes exhibited in March. Overall, global markets traded lower on the back of greater uncertainty. The Australian market followed suit, trading lower over the month. Key themes driving market uncertainty were: i) persistent inflationary pressures, particularly in the US and Europe; ii) subsequent central bank monetary tightening along with market expectations of an aggressive rate hike trajectory; and iii) supply chain disruptions from both the Ukraine War and Chinese lockdowns.

Australian CPI rose 2.1% quarter on quarter (QoQ) and 5.1% year on year (YoY) in Q1. Whilst this was lower than inflation prints in the US, it still surprised the local market being well above expectations. Price increases for non-discretionary items such as food and petrol contributed to unexpected inflation, as did new dwelling purchases prices and childcare costs. The RBA rate hike at the May Board meeting was largely anticipated by investors in April, with expectations of further hikes later this year. There are some concerns that rates hikes will have an outsized effect versus history given higher household debt levels.

We saw a slight reversal in Resources over the month with ASX 200 Resources falling 4.2%. Similar to other developed markets, we continued to see significant sector dispersion in April. IT continued to underperform falling an additional -10.4%. On the other hand, Utilities rose +9.3% and Energy +2.5% for the month.

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 (31.4% discount), price-to-cashflow (24.7% discount), and price-to-book (17.1% discount), as well as a dividend yield higher than the benchmark (19.6% premium).

Note: Percentage figures in parenthesis show total return in Australian dollars for the month ending 31 May 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: 31 May 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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Download Product Disclosure Statements from below website link.

[www.firstsentierinvestors.com.au/individual-pds](http://www.firstsentierinvestors.com.au/individual-pds)

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