

# Realindex Australian Share Value-Class

## A



### Monthly Factsheet

31 May 2023

#### 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)	1,070 million
Benchmark	S&P/ASX 200 Accumulation Index
Number of stock holdings	140
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.

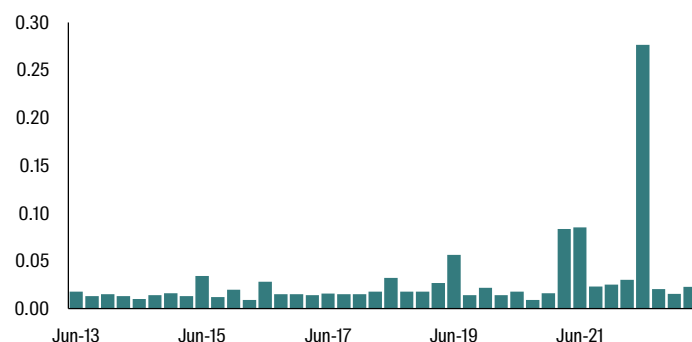
#### Performance Summary (%)

Period	1mth	3mth	1yr	3yr	5yr	7yr	10yr	SI
Net return	-3.6	-2.3	2.0	14.0	8.1	9.0	8.3	9.8
Benchmark return	-2.5	-0.9	2.9	11.4	7.5	8.3	8.1	9.2
Excess net return	-1.0	-1.5	-0.9	2.6	0.6	0.7	0.2	0.6
Income return	0.0	2.3	10.1	18.4	13.8	11.7	9.9	8.3
Growth return	-3.6	-4.6	-8.1	-4.4	-5.7	-2.7	-1.6	1.5

Note: Net return is the return after management fee

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#### Distributions



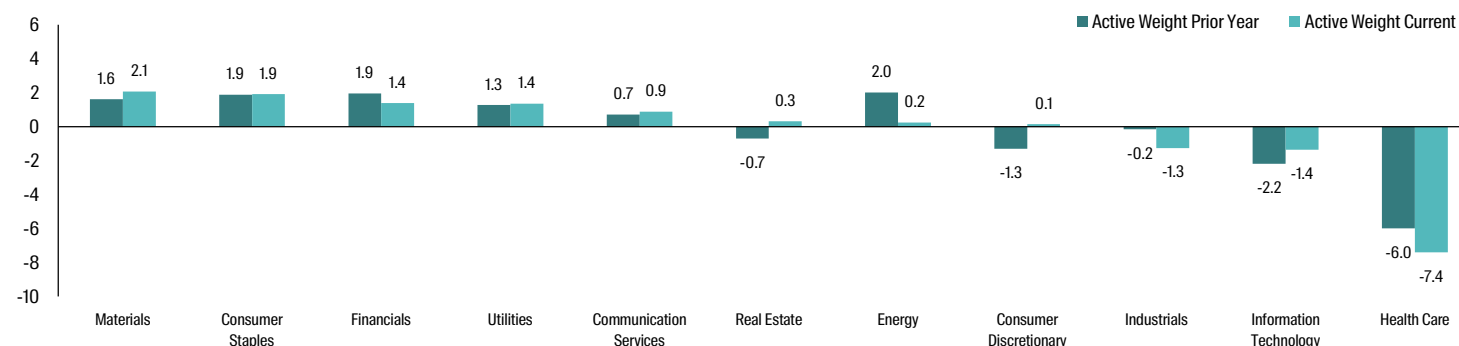
#### Top 10 Holdings

Stock	Fund Weight	Benchmark Weight	Active Weight
BHP Group	11.17	10.16	1.00
Commonwealth Bank	6.77	7.80	-1.03
National Australia Bank	4.70	3.89	0.81
Westpac Bank	4.40	3.46	0.93
ANZ Bank	3.93	3.29	0.64
Fortescue Metals	3.77	1.55	2.21
Telstra	3.74	2.40	1.34
Woolworths	3.50	2.18	1.32
Rio Tinto	2.17	1.90	0.27
Woodside Petroleum	2.03	3.11	-1.08

#### Risk Characteristics

Period	1yr	3yr	5yr	7yr	10yr	SI
Fund standard deviation (%)	16.3	13.7	16.5	14.6	14.0	14.1
Benchmark standard deviation (%)	17.1	13.5	16.3	14.5	13.8	13.7
Tracking error (%)	2.4	3.2	2.8	2.6	2.4	2.4
Fund Sharpe ratio	0.0	1.0	0.4	0.5	0.5	0.5
Information ratio	-0.4	0.8	0.2	0.3	0.1	0.2
Beta	0.9	1.0	1.0	1.0	1.0	1.0
Cashflow adjusted turnover (%)	30.2	21.2	18.5	17.0	16.0	

#### Fund Active Sector Positions (%)



## Top 5 Contributors To Performance (1 Month)

Stock	Value added
Caltex Australia	0.07%
AGL	0.06%
Treasury Wine Estates	0.05%
Graincorp	0.05%
Newcrest Mining	0.05%

## Top 5 Detractors From Performance (1 Month)

Stock	Value detracted
CSL	-0.25%
Fortescue Metals	-0.13%
Whitehaven Coal	-0.12%
Xero	-0.11%
James Hardie	-0.09%

Realindex Australian Share Value returned -3.56% (net of fees) during May, versus the S&P/ASX 200 benchmark which returned -2.53%.

Value stocks underperformed Growth stocks by 1.5% over the month (S&P Australia BMI Value -3.5% vs. Growth -2.0%). Over the past year, Growth has outperformed Value by 1.4%, while on a five year basis Growth has outperformed Value by 0.5% p.a., providing a longer-term performance headwind.

The RBA continues to maintain its restrictive monetary policy, navigating its narrow path to the 2-3% target range. Growth in the March quarter was lacklustre, with concerns over rising rents' impact on inflation while consumer sentiment declined, particularly among renters. On the other hand, job market confidence remains relatively robust.

Australian markets traded lower over the month with disappointing earnings from major banks, mixed economic data, and a surprise increase in local interest rates. Financials and Materials struggled, while retailers reported a slowdown in sales and a deteriorating near-term outlook. However, the Information Technology sector surged, led by Xero and Life360.

From a sector perspective, the largest detractor was stock selection within Materials in particular Metals and Mining, resulting in an impact of -36bps to performance. Whereas, the largest contributor was the overweight to Consumer Staples and Utilities. The largest stock level detractor was the underweight to CSL Limited which detracted -25bps while the largest stock level contributor was the overweight to Ampol Limited. Overall, fund performance was largely in line with the Value benchmark.

The portfolio offers a valuation discount to the market-cap benchmark, as measured by price-to-sales (35.3% discount), price-to-cashflow (24.5% discount), and price-to-book (9.7% discount), as well as a dividend yield higher than the benchmark (21.9% premium).

Note: Percentage figures in parenthesis show total return in Australian dollars for the month ending 31 May 2023 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 2023

Data as at: 31 May 2023

**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.

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

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