

# Realindex Australian Small Companies Fund-Class A

## Monthly Factsheet

31 October 2021

For Adviser use only

### Portfolio Description

The portfolio invests in smaller Australian companies by selecting and weighting companies based on fundamental measures of company size.

### Investment Strategy

Realindex forms a universe of smaller 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 smaller Australian companies and outperforming the S&P/ASX Small Ordinaries Accumulation Index over rolling five-year periods before fees and taxes.

### Product Overview

APIR code	FSF0978AU
Inception date	17 November 2008
Fund Size (A\$)	1,317 million
Benchmark	S&P/ASX Small Ordinaries Accumulation Index
Number of stock holdings	206
Buy / Sell spread	0.05% / 0.05%
Minimum investment (A\$)	25,000
Management cost (p.a.)*	0.59%

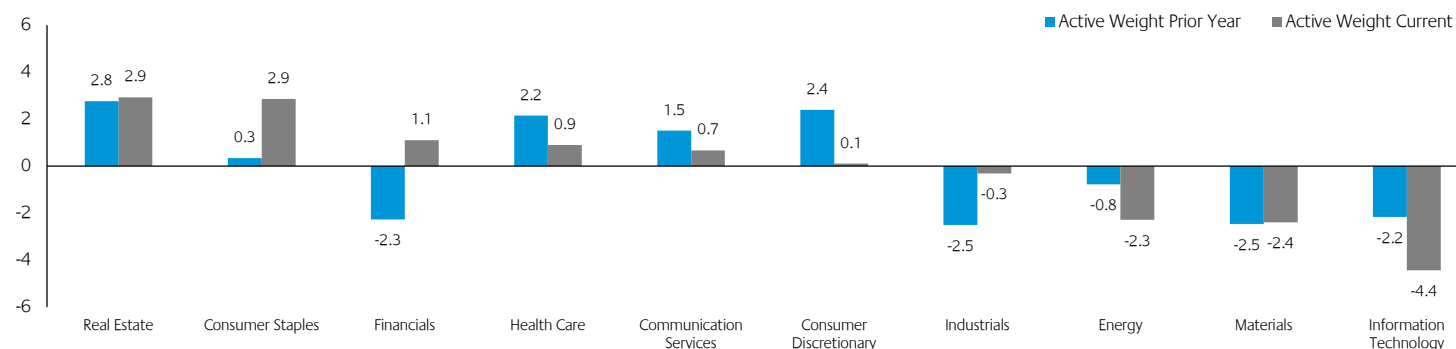
\* Information on Management Costs (including estimated indirect costs) is set out in the Fund's PDS.

### Performance Summary (%)

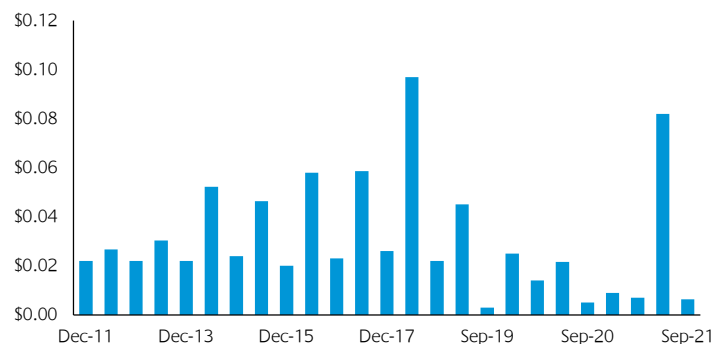
Period	1mth	3mth	1yr	3yr	5yr	7yr	10yr	SI
Net return	0.9	2.0	29.4	12.4	9.9	11.6	11.3	12.0
Benchmark return	0.9	3.7	31.0	13.5	11.5	10.6	7.0	8.7
Excess net return	0.0	-1.7	-1.6	-1.1	-1.6	1.0	4.4	3.3
Income return	0.0	0.5	10.8	7.9	8.4	8.5	8.0	7.7
Growth return	0.9	1.5	18.6	4.4	1.4	3.2	3.4	4.3

Note: Net return is the return after management fee

### Fund Active Sector Positions (%)



### Distributions



### Top 10 Holdings

Stock	Fund Weight	Benchmark Weight	Active Weight
New Hope	1.79	0.35	1.44
Australian Pharmaceutical Industries	1.75	0.21	1.54
Growthpoint Properties Australia	1.65	0.42	1.23
Primary Health Care	1.60	0.87	0.73
Premier Investments	1.48	1.06	0.42
Super Retail Group	1.40	0.72	0.69
Inghams	1.31	0.48	0.83
Brickworks	1.30	0.68	0.62
Iluka Resources	1.28	1.37	-0.09
Abacus Property Group	1.24	0.46	0.78

### Risk Characteristics

Period	1yr	3yr	5yr	7yr	10yr	SI
Fund standard deviation (%)	9.4	20.8	17.0	16.2	15.3	16.7
Benchmark standard deviation (%)	10.8	20.4	17.2	16.5	16.1	17.0
Tracking error (%)	2.9	4.7	4.3	4.6	5.0	5.7
Fund Sharpe ratio	3.1	0.6	0.5	0.6	0.6	0.5
Information ratio	-0.5	-0.2	-0.4	0.2	0.9	0.6
Beta	0.8	1.0	1.0	0.9	0.9	0.9
Cashflow adjusted turnover (%)	30.2	25.0	24.8	26.5	27.4	

## Realindex Australian Small Companies Fund-Class A

### Top 5 Contributors To Performance (1 Month)

Stock	Value added
Whitehaven Coal	0.22%
POINTSBET HOLDINGS NPV	0.17%
Ausdrill	0.14%
EML Payments	0.12%
HT & E	0.11%

### Top 5 Detractors From Performance (1 Month)

Stock	Value detracted
New Hope	-0.25%
Liontown Resources Limited	-0.24%
Pact Group	-0.20%
Paladin Energy Ltd	-0.14%
Inghams	-0.10%

The Realindex Australian Small Companies Fund returned +0.87% (net of fees) during October, versus the S&P/ASX Small Ordinaries benchmark which returned +0.92%.

Value stocks significantly underperformed Growth stocks by 2.6% over the month (S&P Australia SmallCap Value -0.2% vs. Growth +2.4%). Over the past year, Value has done better than Growth, outperforming by 2.0%, but lagged on a five year basis by 3.3% p.a., providing a longer-term performance headwind.

The portfolio's positioning in coal stocks resulted in both the largest stock detractor and largest stock contributor this month. The largest detractor was an overweight to New Hope (-13.6%) which fell after very strong performance over the past 6 months. This was almost entirely offset by the largest contributor Whitehaven Coal (-19.2%) which is not held by the portfolio as it is considered a large company under the portfolio's accounting weighted methodology.

At the sector level, Materials was a large detractor coming largely from the portfolio's positioning in gold stocks. Although gold rose +1.5% over the month, underperformance was driven by stock selection as the portfolio's holding is in line with the benchmark. Overweights to Mt Gibson (-12.5%) and Champion Iron (-8.9%) also detracted as iron ore fell another -9.5% (taking its three month collapse to over -50%).

Overweights to media companies HT&E (+17.7%) and Seven West (+12.4%) were positive for performance - their contributions were magnified as neither stock is in the benchmark. Other contributors were generally stock specific and included not holding Points Bet (-19.1%), and large underweights to EML Payments (-24.2%) and Zip Co. (-7.9%).

The portfolio offers a valuation discount to the market-cap benchmark, as measured by price-to-sales (32.9% discount), price-to-cashflow (23.0% discount), and price-to-book (31.4% discount), as well as a dividend yield higher than the benchmark (48.8% premium).

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