

# Realindex Australian Small Companies Value-Class A



Monthly Factsheet

31 January 2023

## 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 (AS)	893 million
Benchmark	S&P/ASX Small Ordinaries Accumulation Index
Number of stock holdings	176
Buy / Sell spread	0.05% / 0.05%
Minimum investment (AS)	25,000
Management fees and costs (p.a.)*	0.59%

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

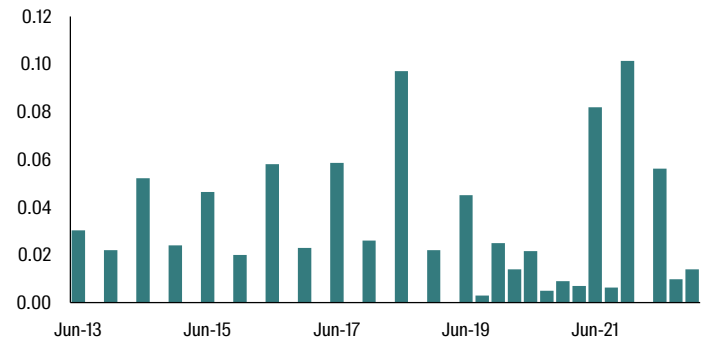
## Performance Summary (%)

Period	1mth	3mth	1yr	3yr	5yr	7yr	10yr	SI
Net return	6.5	8.7	3.0	5.1	6.3	10.7	9.0	10.8
Benchmark return	6.6	7.6	-4.4	2.4	4.4	8.4	5.4	6.9
Excess net return	-0.1	1.0	7.4	2.7	1.9	2.2	3.6	3.8
Income return	0.0	1.6	8.6	10.3	9.7	9.5	8.7	8.3
Growth return	6.5	7.1	-5.6	-5.2	-3.4	1.1	0.3	2.5

Note: Net return is the return after management fee

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## Distributions



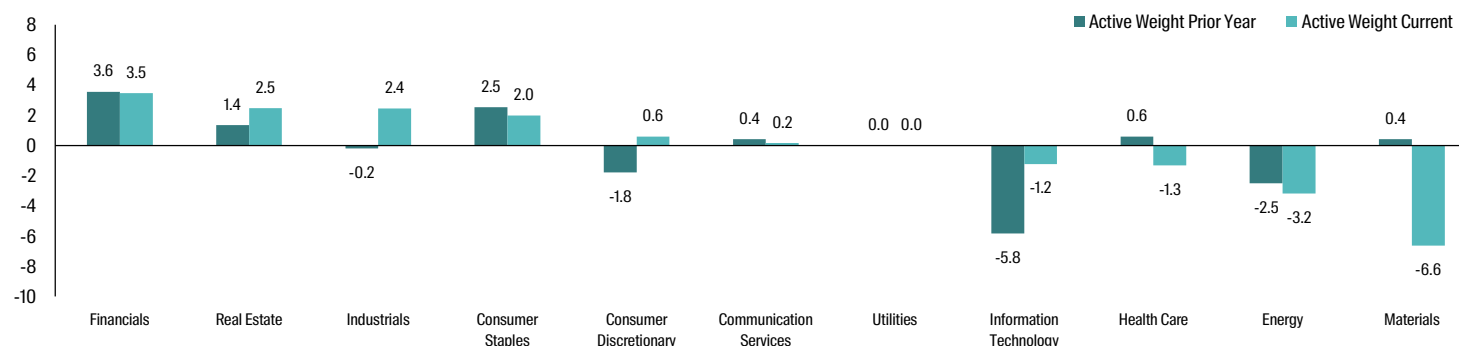
## Top 10 Holdings

Stock	Fund Weight	Benchmark Weight	Active Weight
NIB	2.24	1.56	0.68
Perpetual	2.12	1.14	0.97
Myer	2.04	0.00	2.04
Genworth Mortgage Insurance	1.99	0.37	1.62
New Hope	1.83	1.28	0.55
Ausdrill	1.74	0.36	1.38
Inghams	1.73	0.44	1.28
Cromwell Property Group	1.70	0.42	1.27
Premier Investments	1.57	1.15	0.43
Growthpoint Properties Australia	1.56	0.39	1.17

## Risk Characteristics

Period	1yr	3yr	5yr	7yr	10yr	SI
Fund standard deviation (%)	20.8	24.1	19.5	17.4	16.2	17.1
Benchmark standard deviation (%)	25.1	24.8	20.6	18.4	17.3	17.8
Tracking error (%)	6.5	5.5	5.3	5.0	5.1	5.8
Fund Sharpe ratio	0.1	0.2	0.3	0.5	0.5	0.5
Information ratio	1.1	0.5	0.4	0.5	0.7	0.7
Beta	0.8	0.9	0.9	0.9	0.9	0.9
Cashflow adjusted turnover (%)	42.2	32.6	28.8	28.5	29.5	

## Fund Active Sector Positions (%)



## Top 5 Contributors To Performance (1 Month)

Stock	Value added
Myer	0.56%
Resolute Mining	0.19%
Westgold Resources	0.14%
Beach Energy	0.13%
Accent Group	0.13%

## Top 5 Detractors From Performance (1 Month)

Stock	Value detracted
Austal	-0.18%
Sayona Mining Ltd.	-0.18%
Ausdrill	-0.17%
Pro Medicus	-0.15%
Liontown Resources Limited	-0.13%

Realindex Australian Small Companies Value returned +6.49% (net of fees) during January, versus the S&P/ASX Small Ordinaries benchmark which returned +6.56%.

Value stocks underperformed Growth stocks by 1.8% over the month (S&P Australia Small Cap Value +5.8% vs. Growth +7.6%). Over the past year, Value has beaten Growth, outperforming by 13.8%, while on a five-year basis Value has beaten growth by 0.6% p.a.

The Australian share market had a strong start, posting a +6.2% increase for January. This growth was largely due to the positive outlook on China's reopening. While investors hoped for inflation to remain contained, stronger than expected CPI print (+8.4% year-on-year to December) by the Australian Bureau of Statistics dashed any hopes for a pause in the Reserve Bank of Australia's rate hikes. Our markets largely mirrored US equities which also rallied in January on the back of positive investor sentiment, easing labour costs and cooling inflation.

Most sectors rose over the month with Consumer Discretionary (+11.2%) Health Care (+8.5%) and Materials (+8.3%) leading the pack. From a sector perspective, the portfolio's largest contributor was the overweight to Consumer Discretionary and the largest detractor was the underweight to Health Care.

Australian Value struggled throughout the month, however our portfolio held up due to individual stock selection bets. In particular, our overweight in Myer Holdings (+1.7%) added 0.56% to performance. Furthermore, our overweight in Resolute Mining (+0.7%) added 0.19%. Shipbuilder Austal, declined 20.2% over the month, and cost the portfolio 0.18% in performance.

The portfolio offers a valuation discount to the market-cap benchmark, as measured by price-to-sales (27.3% discount), price-to-cashflow (17.5% discount), and price-to-book (19.9% discount), as well as a dividend yield higher than the benchmark (37.4% premium).

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

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