

Realindex Australian Small Companies Value-Class A



Monthly Factsheet

31 May 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)	829 million
Benchmark	S&P/ASX Small Ordinaries Accumulation Index
Number of stock holdings	183
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.

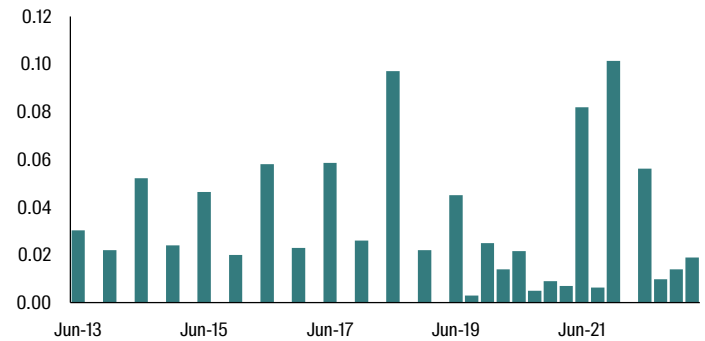
Performance Summary (%)

Period	1mth	3mth	1yr	3yr	5yr	7yr	10yr	SI
Net return	-4.2	-2.1	-4.4	8.9	4.5	7.4	8.7	10.1
Benchmark return	-3.3	-1.3	-5.8	4.5	2.5	5.6	6.0	6.4
Excess net return	-1.0	-0.8	1.4	4.4	2.1	1.8	2.7	3.7
Income return	0.0	2.0	9.7	10.7	9.9	9.5	8.9	8.2
Growth return	-4.2	-4.1	-14.1	-1.8	-5.4	-2.1	-0.2	1.9

Note: Net return is the return after management fee

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Distributions



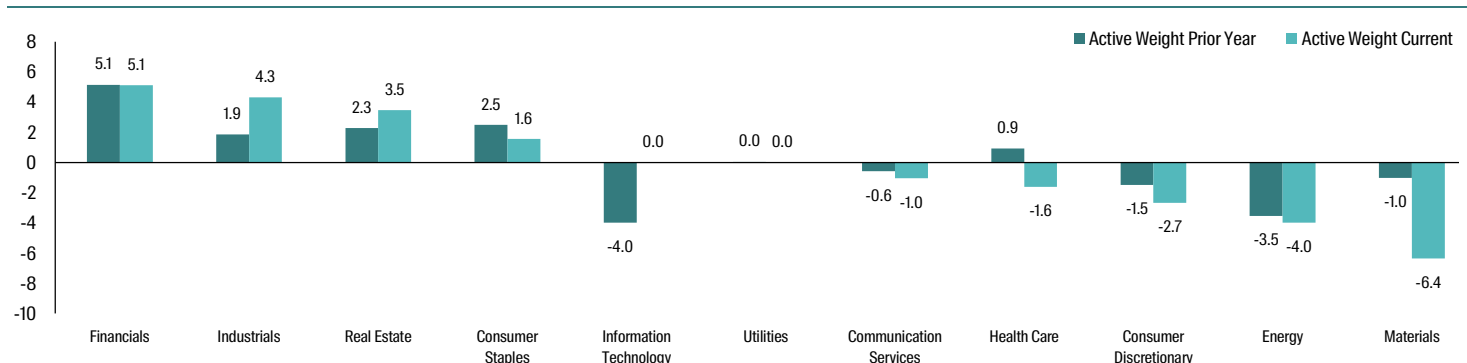
Top 10 Holdings

Stock	Fund Weight	Benchmark Weight	Active Weight
NIB	2.15	0.00	2.15
Genworth Mortgage Insurance	2.12	0.43	1.69
Perpetual	2.06	1.17	0.89
Inghams	1.93	0.46	1.48
Ventia Services Group Limited	1.82	0.67	1.16
Ausdrill	1.74	0.35	1.39
Viva Energy REIT	1.69	0.78	0.91
Growthpoint Properties Australia	1.65	0.39	1.27
McMillan Shakespeare	1.59	0.43	1.16
National Storage REIT	1.55	1.32	0.23

Risk Characteristics

Period	1yr	3yr	5yr	7yr	10yr	SI
Fund standard deviation (%)	20.4	15.4	19.6	17.4	16.2	17.0
Benchmark standard deviation (%)	24.1	18.1	20.7	18.4	17.3	17.6
Tracking error (%)	5.6	5.1	5.2	5.0	4.9	5.8
Fund Sharpe ratio	-0.3	0.5	0.2	0.3	0.4	0.4
Information ratio	0.2	0.9	0.4	0.4	0.5	0.6
Beta	0.8	0.8	0.9	0.9	0.9	0.9
Cashflow adjusted turnover (%)	45.0	34.5	29.7	27.9	29.3	

Fund Active Sector Positions (%)



Top 5 Attributors To Performance (1 Month)

Stock	Value added
NIB	0.24%
Adelaide Brighton	0.20%
Genworth Mortgage Insurance	0.13%
De Grey Mining Ltd	0.13%
Technology One	0.11%

Top 5 Detractors From Performance (1 Month)

Stock	Value detracted
Myer	-0.30%
Pact Group	-0.24%
Accent Group	-0.21%
Telix Pharmaceuticals Ltd.	-0.20%
Leo Lithium Limited	-0.16%

Realindex Australian Small Companies Value returned -4.22% (net of fees) during May, versus the S&P/ASX Small Ordinaries benchmark which returned -3.26%.

Value stocks underperformed Growth stocks by 1.6% over the month (S&P Australia Small Cap Value -4.0% vs. Growth -2.3%). Over the past year, Value has outperformed Growth by 1.6%, while on a five-year basis Value has outperformed by 0.8% p.a.

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. In contrast, the Information Technology sector surged. Within the small cap space, semiconductor companies such as Silex and Weebit Nano rallied.

Fund performance struggled due to negative stock selection in both Consumer Discretionary and Information Technology sectors, resulting in a decrease of -81bps and -33bps, respectively. While, positive stock selection in Financials along with underweights to Materials and Energy cushioned performance. The largest stock level detractor was the overweight to Myer Holdings Limited and the largest contributor was the overweight to NIB holdings Ltd. Overall, the fund slightly underperformed the Value benchmark.

The portfolio offers a valuation discount to the market-cap benchmark, as measured by price-to-sales (26.9% discount), price-to-cashflow (16.3% discount), and price-to-book (17.4% discount), as well as a dividend yield higher than the benchmark (46.7% 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

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