

# Realindex Australian Small Companies Value-Class A



## Monthly Factsheet

31 July 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)	873 million
Benchmark	S&P/ASX Small Ordinaries Accumulation Index
Number of stock holdings	179
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 (%)

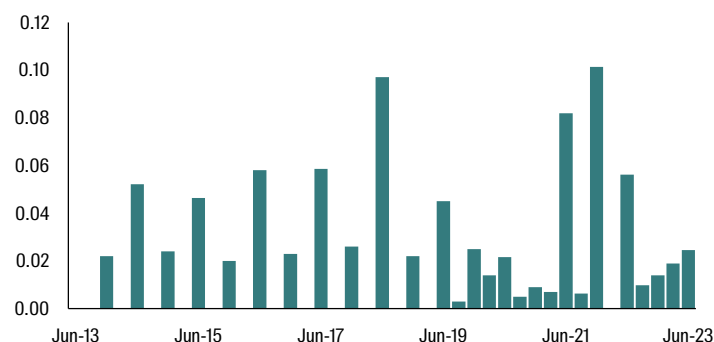
Period	1mth	3mth	1yr	3yr	5yr	7yr	10yr	SI
Net return	4.0	0.8	4.4	9.9	5.7	6.6	8.8	10.4
Benchmark return	3.5	0.2	0.8	5.9	3.2	5.1	6.2	6.6
Excess net return	0.5	0.6	3.6	4.0	2.5	1.5	2.6	3.8
Income return	0.0	2.6	7.3	10.9	8.9	9.0	8.9	8.3
Growth return	4.0	-1.8	-2.9	-1.0	-3.2	-2.4	-0.1	2.1

Past performance is not a reliable indicator of future performance

Note: Net return is the return after management fee

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### Distributions



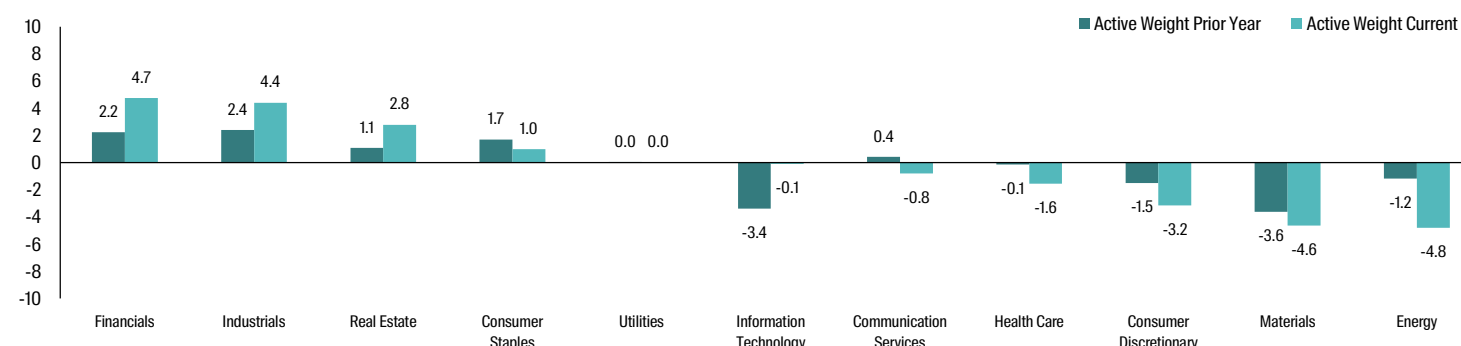
### Top 10 Holdings

Stock	Fund Weight	Benchmark Weight	Active Weight
Helia Group Limited	2.08	0.48	1.60
Inghams	1.81	0.44	1.37
Ventia Services Group Limited	1.80	0.69	1.11
Waypoint REIT	1.70	0.75	0.96
McMillan Shakespeare	1.68	0.53	1.15
Perenti Limited	1.61	0.35	1.27
NIB	1.58	0.00	1.58
Growthpoint Properties Australia	1.57	0.35	1.22
Premier Investments	1.55	0.94	0.61
Cromwell Property Group	1.53	0.33	1.20

### Risk Characteristics

Period	1yr	3yr	5yr	7yr	10yr	SI
Fund standard deviation (%)	13.4	15.4	19.7	17.0	15.9	16.9
Benchmark standard deviation (%)	17.1	18.1	20.8	18.1	16.9	17.6
Tracking error (%)	5.4	5.0	5.2	4.9	4.8	5.8
Fund Sharpe ratio	0.1	0.6	0.2	0.3	0.4	0.4
Information ratio	0.7	0.8	0.5	0.3	0.5	0.7
Beta	0.8	0.8	0.9	0.9	0.9	0.9
Cashflow adjusted turnover (%)	40.1	35.1	29.9	28.4	29.3	

### Fund Active Sector Positions (%)



## Top 5 Attributors To Performance (1 Month)

Stock	Value added
Core Lithium Ltd	0.24%
Nuix Ltd.	0.21%
Liontown Resources Limited	0.20%
Perenti Limited	0.15%
Helia Group Limited	0.13%

## Top 5 Detractors From Performance (1 Month)

Stock	Value detracted
Megaport	-0.18%
Beach Energy	-0.15%
Platinum Asset Management	-0.13%
Flight Centre	-0.12%
Sigma Healthcare	-0.12%

Realindex Australian Small Companies Value returned +4.04% (net of fees) during July, outperforming the S&P/ASX Small Ordinaries benchmark which returned +3.54%.

Value stocks outperformed Growth stocks by 1.3% over the month (S&P Australia Small Cap Value +4.0% vs. Growth +2.7%). Over the past year, Value has beaten Growth, outperforming by 5.9%, while on a five-year basis Value has beaten growth by 1.8% p.a.

Investor sentiment was markedly more positive during the month as macroeconomic conditions improved both domestically and globally. The latest US inflation read is currently at 3% pa – surprising on the downside, making a soft landing scenario look increasingly possible. In Australia, the labour market remains strong with unemployment at 3.5% in June. Whilst headline inflation hovers at 6%, the Reserve Bank of Australia's forecast is suggesting 3.25% by the end of 2024. Despite this, consumer sentiment remains pessimistic. However, there are signs of improvement in the housing market with the Reserve Bank of Australia putting a pause on rate hikes. The Australian share market bounced back in July with small capitalization stocks marginally outperforming the broad market. In terms of sectors, Consumer Discretionary (+8.6%) and Communication Staples (+8.2%) led the way, whilst Materials (-0.42%) and Health Care (+0.73%) lagged behind.

We are pleased that fund outperformed the benchmark due to the strong relative performance of the value style in July. Fund stock selection within Metals and Mining added the lion's share of alpha. In particular, our underweight to several lithium miners such as Core Lithium and Liontown positively contributed to performance. On the other hand, from a sector and stock perspective, the underweight to Health Care and Megaport were the largest detractors.

The portfolio offers a valuation discount to the market-cap benchmark, as measured by price-to-sales (26.3% discount), price-to-cashflow (19.1% discount), and price-to-book (21.1% discount), as well as a dividend yield higher than the benchmark (46.3% premium).

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