

Realindex Australian Small Companies Value-Class A



Monthly Factsheet

31 August 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)	861 million
Benchmark	S&P/ASX Small Ordinaries Accumulation Index
Number of stock holdings	182
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 (%)

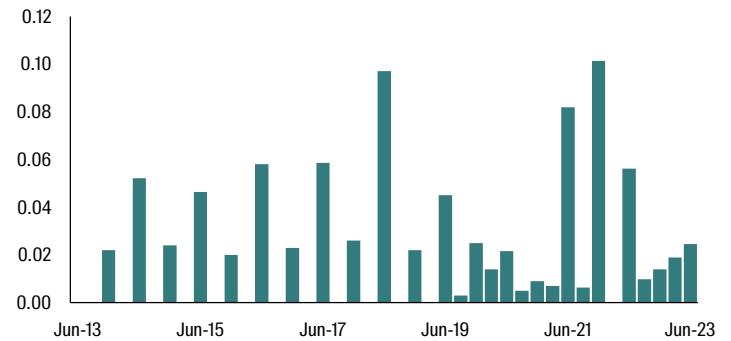
Period	1mth	3mth	1yr	3yr	5yr	7yr	10yr	SI
Net return	-1.9	3.2	2.0	7.1	4.8	6.3	8.2	10.2
Benchmark return	-1.3	2.2	-1.1	3.0	2.4	5.2	5.7	6.5
Excess net return	-0.6	1.0	3.1	4.1	2.4	1.2	2.4	3.7
Income return	0.0	2.7	7.1	10.6	8.9	9.0	8.8	8.2
Growth return	-1.9	0.5	-5.1	-3.6	-4.0	-2.7	-0.7	1.9

Past performance is not a reliable indicator of future performance

Note: Net return is the return after management fee

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Distributions



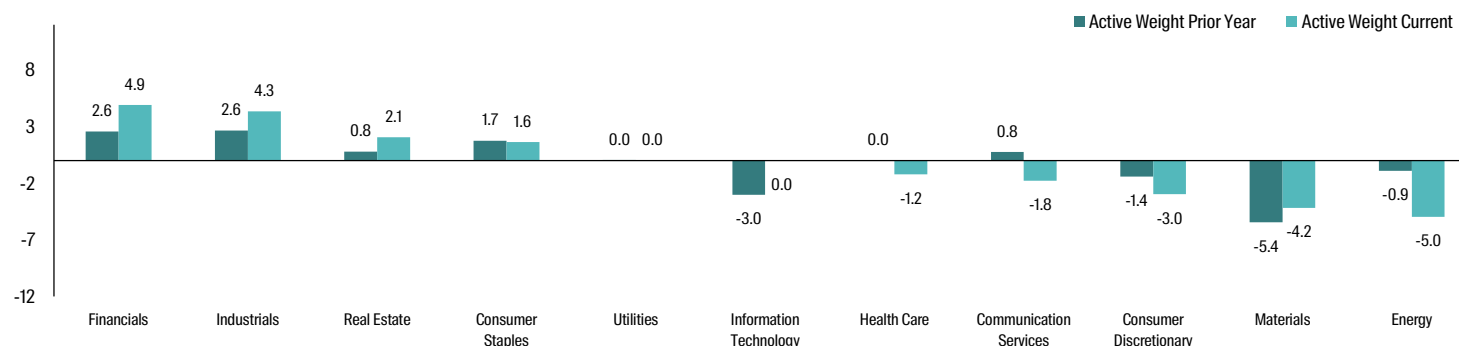
Top 10 Holdings

Stock	Fund Weight	Benchmark Weight	Active Weight
Inghams	2.40	0.56	1.84
Helia Group Limited	2.10	0.48	1.61
Ventia Services Group Limited	1.69	0.66	1.03
CSR	1.68	1.21	0.47
Premier Investments	1.67	1.11	0.56
Waypoint REIT	1.65	0.72	0.93
NIB	1.61	0.00	1.61
McMillan Shakespeare	1.53	0.49	1.05
Sigma Healthcare	1.50	0.37	1.13
Sandfire Resources	1.49	1.32	0.17

Risk Characteristics

Period	1yr	3yr	5yr	7yr	10yr	SI
Fund standard deviation (%)	13.6	15.2	19.7	17.0	15.9	16.9
Benchmark standard deviation (%)	17.2	17.7	20.7	18.1	16.9	17.5
Tracking error (%)	5.5	4.9	5.2	4.9	4.8	5.7
Fund Sharpe ratio	-0.1	0.4	0.2	0.3	0.4	0.4
Information ratio	0.6	0.8	0.5	0.2	0.5	0.6
Beta	0.8	0.8	0.9	0.9	0.9	0.9
Cashflow adjusted turnover (%)	41.2	35.5	30.3	28.7	29.4	

Fund Active Sector Positions (%)



Top 5 Contributors To Performance (1 Month)

Stock	Value added
Inghams	0.37%
Chalice Mining Limited	0.32%
Core Lithium Ltd	0.19%
Weebit Nano Ltd.	0.17%
Base Resources	0.12%

Top 5 Detractors From Performance (1 Month)

Stock	Value detracted
Seven West Media	-0.22%
HUB24	-0.15%
Audinate Group Ltd.	-0.14%
Paladin Energy Ltd	-0.14%
Growthpoint Properties Australia	-0.13%

Realindex Australian Small Companies Value returned -1.93% (net of fees) during August, versus the S&P/ASX Small Ordinaries benchmark which returned -1.31%.

Value stocks outperformed Growth stocks by 0.1% over the month (S&P Australia Small Cap Value -1.7% vs. Growth -1.8%). Over the past year, Value has beaten Growth outperforming by 4.6%, while on a five-year basis Value outperformed by 2.1%.

Small caps traded marginally lower in August, however remained up by 2.2% over a 3 month look-back period. The economy showed resilience, with GDP expanding roughly in line with expectations at 0.4% QoQ for the 3 months to June. However, sluggish growth, weak consumer sentiment and a mixed housing market remain as significant headwinds. The Reserve Bank of Australia (RBA) left the cash rate unchanged in August at 4.1%, although it hinted at the possibility of future rate hikes. Despite the fact that monthly CPI shows declines, inflation is still significantly higher than the target rate, with the RBA expecting it to take at least to late 2025 to reach normalcy. Sector performance for the month was mixed with strong gains in Energy (+4.6%) and Consumer Discretionary (+3.0%) while Health Care (-4.8%) and Financials (-4.4%) posted negative returns.

Fund performance was lower than the benchmark over the month, largely due to sector allocation. Specifically, our underweight to Energy and overweight to Financials detracted approximately 28bps and 16bps, respectively. However, stock selection within sectors added around 12bps, mainly driven by stock selection within Consumer Staples, Health Care and Materials. From a stock level perspective, the largest detractor was our overweight to Seven West Media resulting in a 22bps deduction to performance. The largest contributors were our overweight to Inghams Group and underweight to Chalice mining.

The portfolio offers a valuation discount to the market-cap benchmark, as measured by price-to-sales (32.0% discount), price-to-cashflow (22.8% discount), and price-to-book (13.9% discount), as well as a dividend yield higher than the benchmark (48.9% premium).

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