

Realindex Australian Small Companies Value-Class A



Monthly Factsheet

28 February 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)	859 million
Benchmark	S&P/ASX Small Ordinaries Accumulation Index
Number of stock holdings	174
Buy / Sell spread	0.05% / 0.05%
Minimum investment (AS)	25,000
Management fees and costs (p.a.)*	0.59%

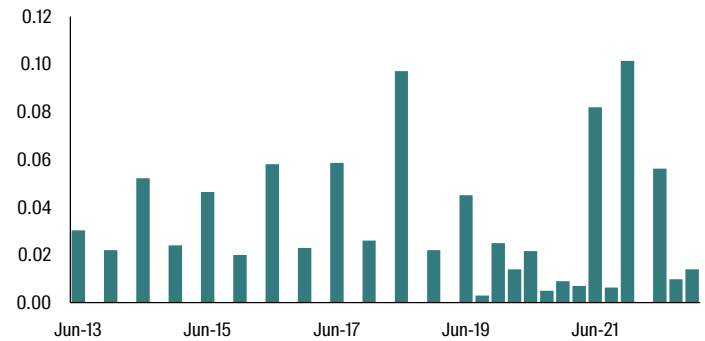
*Information on Management fees and costs (including estimated indirect costs) is set out in the Fund's PDS.

Performance Summary (%)

Period	1mth	3mth	1yr	3yr	5yr	7yr	10yr	SI
Net return	-3.4	1.5	-3.6	7.1	5.6	9.8	8.2	10.5
Benchmark return	-3.7	-1.2	-8.0	4.2	3.6	7.7	4.9	6.6
Excess net return	0.3	2.7	4.4	2.8	2.1	2.1	3.3	3.8
Income return	0.0	1.5	8.0	10.5	9.6	9.4	8.7	8.2
Growth return	-3.4	0.0	-11.6	-3.4	-4.0	0.4	-0.5	2.3

Note: Net return is the return after management fee

Distributions



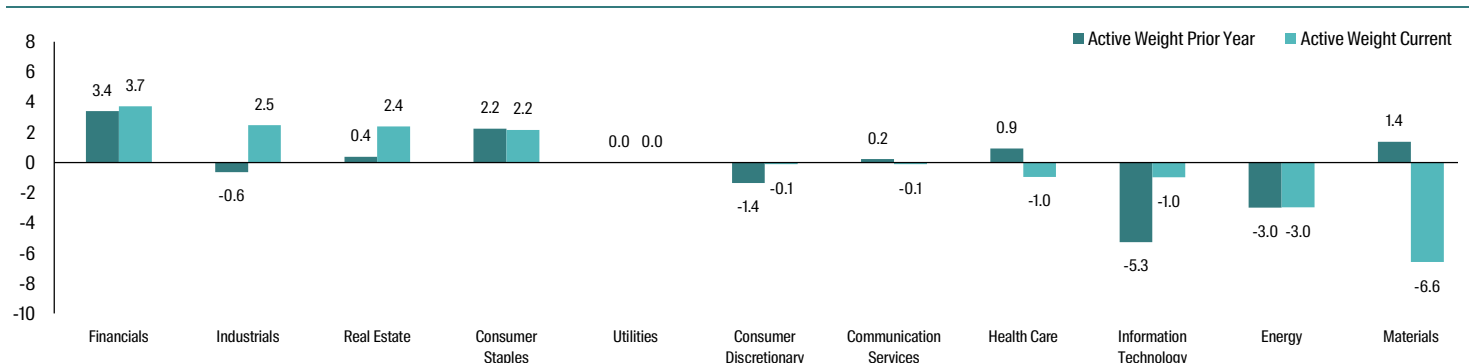
Top 10 Holdings

Stock	Fund Weight	Benchmark Weight	Active Weight
Genworth Mortgage Insurance	2.56	0.47	2.09
Perpetual	2.40	1.14	1.27
NIB	2.26	1.56	0.69
Inghams	2.07	0.52	1.55
Myer	1.87	0.00	1.87
New Hope	1.76	1.23	0.53
Premier Investments	1.67	1.18	0.49
Growthpoint Properties Australia	1.65	0.40	1.25
Cromwell Property Group	1.62	0.40	1.22
McMillan Shakespeare	1.58	0.39	1.19

Risk Characteristics

Period	1yr	3yr	5yr	7yr	10yr	SI
Fund standard deviation (%)	20.9	23.6	19.6	17.5	16.2	17.1
Benchmark standard deviation (%)	25.3	24.3	20.7	18.4	17.4	17.7
Tracking error (%)	5.8	5.5	5.2	4.9	5.0	5.8
Fund Sharpe ratio	-0.3	0.3	0.2	0.5	0.4	0.4
Information ratio	0.7	0.5	0.4	0.4	0.7	0.7
Beta	0.8	0.9	0.9	0.9	0.9	0.9
Cashflow adjusted turnover (%)	43.2	33.1	29.1	28.4	28.9	

Fund Active Sector Positions (%)



Top 5 Attributors To Performance (1 Month)

Stock	Value added
Genworth Mortgage Insurance	0.44%
Inghams	0.21%
Pact Group	0.16%
Ridley	0.14%
CORE LITHIUM LTD NPV	0.14%

Top 5 Detractors From Performance (1 Month)

Stock	Value detracted
A.P. Eagers	-0.19%
AUB Group	-0.19%
Seven Group	-0.17%
Ausdrill	-0.16%
HUB24	-0.13%

Realindex Australian Small Companies Value returned -3.42% (net of fees) during February, outperforming the S&P/ASX Small Ordinaries benchmark which returned -3.70%..

Value stocks outperformed Growth stocks by 0.9% over the month (S&P Australia Small Cap Value -3.5% vs. Growth -4.4%). Over the past year, Value has beaten Growth, outperforming by 8.1%, while on a five-year basis Value has beaten growth by 1.0% p.a.

February marked a sharp reversal from the gains in January as investors weighed the possibility of stickier inflation and higher bond yields. The labour market softened as unemployment rose marginally to 3.7% while consumer confidence fell by -6.9% according to the Westpac Consumer Confidence Index. The Reserve Bank of Australia's hawkishness continued in February with a 25bps increase, with further expectations of rate hikes over the months ahead. Retail sales jumped by 1.9% month-on-month for January with volumes still 12% above pre-pandemic levels, whilst house price declines have levelled off. Most sectors fell for the month, with Materials (-8.2%), Health Care (-6.4%) and Energy (-6.1%) stocks falling the most, while Industrials (-0.1%) and Information Technology (-0.3%) remained relatively flat.

The fund outperformed due to a sector allocation, in particular the underweight in Materials (-6.3%) relative to the benchmark, generating +29bps. Whereas, our underweight in Information Technology (-1.1%) cost the fund -4bps. The largest stock level contributor was the overweight to Helia Group Limited and the largest stock level detractor was the underweight to Eagers Automotive Limited.

The portfolio offers a valuation discount to the market-cap benchmark, as measured by price-to-sales (28.8% discount), price-to-cashflow (21.2% discount), and price-to-book (17.7% discount), as well as a dividend yield higher than the benchmark (38.2% premium).

Note: Percentage figures in parenthesis show total return in Australian dollars for the month ending 28 February 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: 28 February 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

For further information

Personal investors

Speak with your Financial Adviser whether our products are appropriate, in light of your investment needs, objectives and financial situation.

Download Product Disclosure Statements from below website link.

www.firstsentierinvestors.com.au/individual-pds

This document has been prepared by First Sentier Investors (Australia) IM Ltd (ABN 89 114 194 311, AFSL 289017) (FSI AIM) which forms part of First Sentier Investors. First Sentier Investors is ultimately owned by Mitsubishi UFJ Financial Group, Inc (MUFG).

A copy of the Financial Services Guide for FSI AIM is available from First Sentier Investors on its website.

This material contains general information only. It is not intended to provide you with financial product advice and does not take into account your objectives, financial situation or needs. Before making an investment decision, you should consider, with a financial adviser, whether this information is appropriate in light of your investment needs, objectives and financial situation.

First Sentier Investors Realindex Pty Ltd ABN 24 133 312 017 AFSL 335381 ("Realindex") forms part of First Sentier Investors and is the investment manager of the Realindex Funds (as defined below).

Investors should read the Product Disclosure Statement ("PDS") for the Realindex funds and talk to a financial adviser before making an investment decision. The Realindex funds are issued by Colonial First State Investments Limited ABN 98 002 348 352 AFSL 232468 ("CFSIL") under the following names: Realindex Australian Share Value – Class A (ARSN 132 950 433); Realindex Australian Small Companies Value – Class A (ARSN 132 950 175); Realindex Global Share Value – Class A (ARSN 132 951 083); Realindex Global Share Value Hedged – Class A (ARSN 132 951 467); Realindex Emerging Markets Value – Class A (ARSN 140 973 075) ("Realindex Funds"). PDSs for the Realindex Funds are from First Sentier Investors on its website. The target market determination (TMD) for the Fund is available from First Sentier Investors on its website and should be considered by prospective investors before any investment decision to ensure that investors form part of the target market.

Total returns shown for the Realindex Funds have been calculated using exit prices after taking into account all ongoing fees and assuming reinvestment of distributions. No allowance has been made for taxation. Past performance should not be taken as an indication of future performance.

MUFG, FSI AIM, Realindex, CFSIL and their respective affiliates do not guarantee the performance of the Realindex Funds or the repayment of capital by the Realindex Funds. Investments in the Realindex Funds are not deposits or other liabilities of MUFG, FSI AIM, Realindex, CFSIL nor their respective affiliates, and investment-type products are subject to investment risk including loss of income and capital invested.

To the extent permitted by law, no liability is accepted by MUFG, FSI AIM, Realindex, CFSIL nor their respective affiliates for any loss or damage as a result of any reliance on this information. This information is, or is based upon, information that we believe to be accurate and reliable, however neither MUFG, FSI AIM, Realindex, CFSIL nor their respective affiliates offer any warranty that it contains no factual errors. Any opinions expressed in this material are the opinions of FSI AIM at the time of publication only. Such opinions are subject to change without notice. No part of this material may be reproduced or transmitted in any form or by any means without the prior written consent of FSI AIM.

© First Sentier Investors (Australia) Services Pty Limited 2023

All rights reserved.

The indexes referred to in this document ("Index") are products of S&P Dow Jones Indices LLC and/or its affiliates and has been licensed for use by FSI AIM. Copyright © 2023 S&P Dow Jones Indices LLC, a division of S&P Global, Inc., and/or its affiliates. All rights reserved. Redistribution or reproduction in whole or in part are prohibited without written permission of S&P Dow Jones Indices LLC. For more information on any of S&P Dow Jones Indices LLC's indices please visit www.spdji.com. S&P® is a registered trademark of S&P Global and Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC. Neither S&P Dow Jones Indices LLC, Dow Jones Trademark Holdings LLC, their affiliates nor their third party licensors make any representation or warranty, express or implied, as to the ability of any index to accurately represent the asset class or market sector that it purports to represent and neither S&P Dow Jones Indices LLC, Dow Jones Trademark LLC, their affiliates nor their third party licensors shall have any liability for any errors, omissions, or interruptions of any index or the data included therein.