

Realindex Emerging Markets Fund- Class A

Monthly Factsheet

31 October 2022

For Adviser use only

Portfolio Description

The portfolio invests in global shares predominantly in emerging markets by selecting and weighting companies based on fundamental measures of company size.

Investment Strategy

Realindex forms a universe of emerging market 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. This fund does not hedge currency exposure.

Investment Objective

To provide capital and income growth by investing in global shares predominantly in emerging markets and outperforming the MSCI Emerging Markets Index, over rolling five year periods before fees and taxes.

Product Overview

APIR code	FSF1101AU
Inception date	20 January 2011
Fund Size (A\$)	705 million
Benchmark	MSCI Emerging Markets Net Index
Number of stock holdings	412
Buy / Sell spread	0.10% / 0.10%
Minimum investment (A\$)	25,000
Management fees and costs (p.a.)*	0.68%

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

Performance Summary (%)

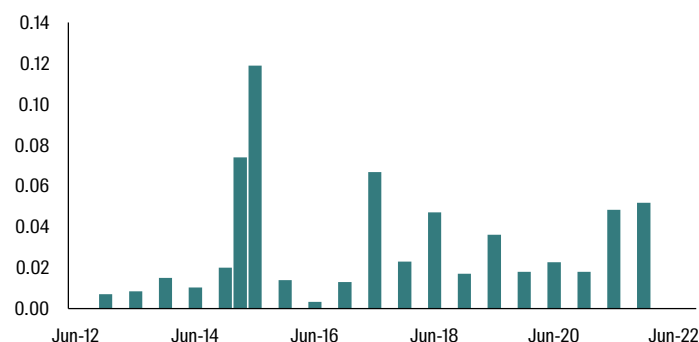
Period	1mth	3mth	1yr	3yr	5yr	7yr	10yr	SI
Net return	-0.8	-3.9	-13.6	-1.4	1.2	4.8	5.2	3.1
Benchmark return	-2.6	-6.3	-19.0	-2.0	0.5	4.0	5.8	3.6
Excess net return	1.8	2.4	5.4	0.6	0.8	0.7	-0.6	-0.5
Income return	0.0	0.0	5.0	5.8	6.3	6.4	7.2	6.1
Growth return	-0.8	-3.9	-18.6	-7.3	-5.0	-1.6	-2.0	-3.0

Note: Net return is the return after management fee

Risk Characteristics

Period	1yr	3yr	5yr	7yr	10yr	SI
Fund standard deviation (%)	10.7	12.9	12.3	12.1	12.0	12.2
Benchmark standard deviation (%)	9.5	11.8	11.2	10.9	10.5	11.0
Tracking error (%)	5.7	6.6	6.1	6.0	5.6	5.2
Fund Sharpe ratio	-1.3	-0.1	0.0	0.3	0.3	0.1
Information ratio	0.9	0.1	0.1	0.1	-0.1	-0.1
Beta	1.0	0.9	1.0	1.0	1.0	1.0
Cashflow adjusted turnover (%)	31.4	24.5	23.2	22.9	20.5	

Distributions



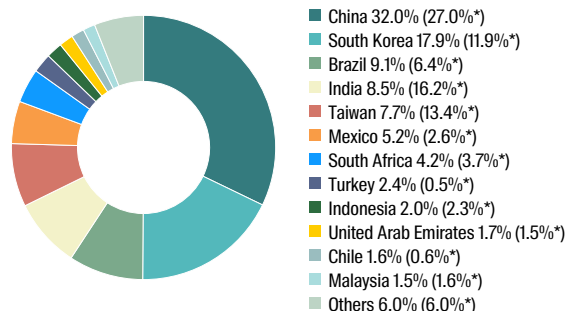
Top 10 Holdings

Stock	Fund Weight	Benchmark Weight	Active Weight
Samsung Electronics Co., Ltd.	5.31	3.58	1.73
Ping An Insurance (Group) Company of China, Ltd. Class H	2.18	0.46	1.72
Taiwan Semiconductor Manufacturing Co. Ltd.	1.86	5.36	-3.50
Bank of Communications Co., Ltd. Class H	1.82	0.08	1.74
China Construction Bank Corporation Class H	1.79	0.92	0.87
Bank of China Limited Class H	1.69	0.46	1.23
Vale S.A.	1.35	0.92	0.43
America Movil SAB de CV Class L	1.28	0.47	0.80
Itau Unibanco Holding SA Pfd	1.26	0.50	0.76
Petroleo Brasileiro SA Pfd	1.21	0.49	0.72

Sector Breakdown (%)

Sector	Fund Weight	Benchmark Weight	Active Weight
Financials	34.25	23.64	10.62
Information Technology	14.66	19.06	-4.40
Consumer Discretionary	9.27	12.22	-2.96
Materials	8.11	9.12	-1.01
Communication Services	7.56	8.69	-1.13
Energy	6.49	5.59	0.89
Industrials	6.26	6.09	0.17
Consumer Staples	5.64	6.51	-0.87
Utilities	3.07	3.22	-0.16
Real Estate	2.73	1.73	1.00
Health Care	0.74	4.12	-3.38

Country Breakdown



*Benchmark weight

The Realindex Emerging Markets Fund returned -0.79% (net of fees) during October, outperforming the MSCI Emerging Markets Net Index which returned -2.57% (in AUD).

Global markets recovered in October, posting broad gains on the hopes of more dovish central bank behaviour with some economic data pointing to softening in wage pressures and core inflation (CPI year-over-year at 8.2%, PPI at 8.5%). The gains in Developed markets which saw the MSCI World index posting +7.8% in AUD terms, were not observed in Emerging markets with the MSCI EM index falling 2.6% for the month in AUD terms. The losses were largely observed in China (MSCI China: -16%) rather than Asia more broadly, while Latin America performed strongly (MSCI Latin America: +10.3%).

Value stocks outperformed Growth stocks by 2.6% over the month (MSCI Emerging Markets Value -1.2% vs. Growth -3.8%, in AUD) helping to drive the fund's outperformance for the month. Over the past year Value has outperformed Growth by 12.8% (AUD), while on a five year basis Value has outperformed Growth by 0.1% p.a. (AUD).

On a country basis, the largest contributor was by far the overweight to China and was the main driver of the fund's outperformance due to stock selection. The largest detractor was the inclusion of Hong Kong listed Chinese firms followed by the underweight to Saudi Arabia. From a sector perspective, the largest contributor was the underweight to Chinese technology adjacent firms in Consumer Discretionary and the largest detractor was the overweight to Real Estate. The largest stock level contributor was the underweight to Tencent Holdings Ltd. and the largest stock level detractor was the overweight to Ping An Insurance (Group) Company of China, Ltd.

Driven by the methodology of rebalancing further into cheap value companies, the portfolio continues to sit on deep valuation discounts. At the end of October 2022 the portfolio reflected a 81.9% dividend yield premium to the MSCI EM index, whilst trading at a 35.6% price to book discount, a 52.6% price to cashflow discount and 56.2% price to sales discount, indicating that the portfolio remains well positioned for mean reversion in Value.

Note: Returns in parenthesis show the total return for the month ending 31 October 2022. All returns are given in local currency terms unless otherwise stated.

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 2022

Data as at: 31 October 2022

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

Acting Head of Wholesale Ross Crocker	+61 2 9010 5424	Business Development Manager - VIC/TAS Jack Heinz	+61 3 9225 5056
Key Account Manager - NSW Paul Sleiman	+61 2 9010 5393	Key Account Manager - QLD Quin Smith	+61 4 5509 5505
Business Development Manager – NSW Emerson Bloom	+61 2 9010 5547	Business Development Manager - QLD Julie Day	+61 4 6641 3176
Key Account Manager - VIC/TAS Nick Everitt	+61 3 9225 5055	Key Account Manager - WA/SA/NT Nathan Robinson	+61 4 0327 2440

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