

Realindex Emerging Markets Fund-Class A

Monthly Factsheet

30 April 2021

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\$)	945 million
Benchmark	MSCI Emerging Markets Net Index
Number of stock holdings	471
Buy / Sell spread	0.10% / 0.10%
Minimum investment (A\$)	25,000
Management cost (p.a.)*	0.68%

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

Performance Summary (%)

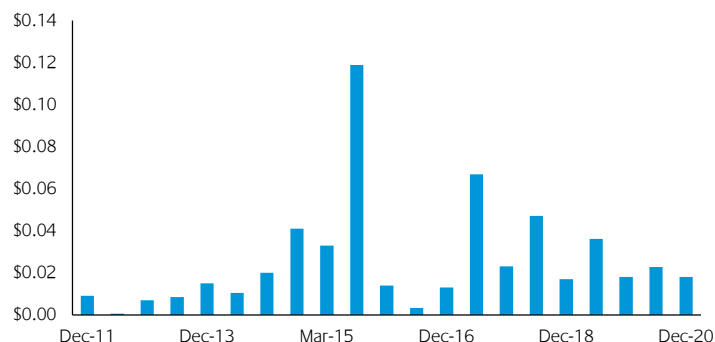
Period	1mth	3mth	1yr	3yr	5yr	7yr	10yr	SI
Net return	0.6	6.6	25.2	3.6	10.7	8.2	5.6	5.0
Benchmark return	1.1	1.0	26.0	6.7	12.2	9.7	7.3	6.5
Excess net return	-0.4	5.5	-0.9	-3.1	-1.5	-1.5	-1.6	-1.5
Income return	0.0	0.0	6.3	6.2	6.6	8.3	6.2	6.0
Growth return	0.6	6.6	18.9	-2.5	4.2	-0.1	-0.6	-1.0

Note: Net return is the return after management fee

Sector Breakdown (%)

Sector	Fund weight	Benchmark weight	Active weight
Financials	28.73	17.94	10.79
Information Technology	16.49	21.18	-4.69
Materials	12.29	8.56	3.73
Communication Services	8.91	11.71	-2.80
Consumer Discretionary	8.66	17.38	-8.73
Energy	6.74	4.70	2.05
Industrials	5.06	4.38	0.68
Consumer Staples	4.48	5.51	-1.03
Real Estate	3.82	2.02	1.80
Utilities	2.79	1.93	0.87
Health Care	0.60	4.68	-4.07

Distributions



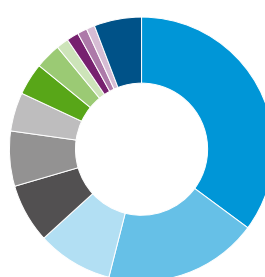
Top 10 Holdings

Stock	Fund Weight	Benchmark Weight	Active Weight
Samsung Electronics Co., Ltd.	6.24	4.24	2.00
Ping An Insurance (Group) Company of China, Ltd. Class H	2.36	0.79	1.57
Taiwan Semiconductor Manufacturing Co. Ltd.	2.15	6.42	-4.27
China Merchants Bank Co., Ltd. Class H	1.76	0.38	1.38
China Construction Bank Corporation Class H	1.71	0.92	0.78
Bank of Communications Co., Ltd. Class H	1.52	0.07	1.45
Vale S.A.	1.30	0.90	0.40
Alibaba Group Holding Ltd. Sponsored ADR	1.11	5.30	-4.19
Hyundai Motor Company	1.10	0.35	0.75
Hon Hai Precision Industry	1.05	0.63	0.43

Risk Characteristics

Period	1yr	3yr	5yr	7yr	10yr	SI
Fund standard deviation (%)	9.6	12.6	11.4	12.3	12.3	12.3
Benchmark standard deviation (%)	6.7	11.6	10.1	10.5	10.7	10.8
Tracking error (%)	8.1	6.2	6.0	5.8	5.2	5.1
Fund Sharpe ratio	2.6	0.3	0.8	0.5	0.3	0.3
Information ratio	-0.1	-0.5	-0.2	-0.3	-0.3	-0.3
Beta	0.8	1.0	1.0	1.0	1.0	1.0
Cashflow adjusted turnover (%)	21.9	22.0	19.4	20.3	18.4	

Country Breakdown



China	35.0% (37.6%*)
South Korea	18.8% (13.4%*)
Taiwan	9.2% (14.5%*)
Brazil	7.2% (4.6%*)
India	6.7% (9.4%*)
Russia	4.7% (3.0%*)
Mexico	3.9% (1.7%*)
South Africa	3.1% (3.7%*)
Turkey	1.5% (0.3%*)
Thailand	1.5% (1.8%*)
Malaysia	1.2% (1.4%*)
United Arab Emirates	1.0% (0.6%*)
Others	5.8% (4.4%*)

*Benchmark weight

Realindex Emerging Markets Fund-Class A

The Realindex Emerging Markets Fund returned +0.64% (net of fees) during April, versus the MSCI Emerging Markets Net Index which returned +1.06% (in AUD).

Value stocks underperformed Growth stocks by 0.4% over the month (MSCI Emerging Markets Value +0.9% vs. Growth +1.2%, in AUD). Over the past year, the magnitude of the Value headwind has been considerable; Value has underperformed Growth by 8.0% (MSCI Emerging Markets Value +21.9% vs. Growth +29.9%, in AUD). On a five year basis, Value lags Growth by 7.6% p.a. (AUD) providing a significant longer-term performance headwind.

Global markets pushed higher in April as the vaccine rollout continued at pace in North America and Europe. Earnings season also commenced in the US with several companies beating expectations by large margins. Commodity prices rallied aggressively as did soft commodities such as sugar and wheat. Oil posted some gains though energy stocks tracked lower as OPEC debated proposals to gradually ease production cuts. Equity market volatility also ameliorated with the VIX tracking lower than previous months, though still higher than pre pandemic levels. Bond yields remained elevated from March levels indicating that inflationary expectations and pressures remain.

Emerging markets underperformed Developed markets for the month whilst still posting gains of +1.1% (in AUD terms); the Materials and Health Care were the strongest sectors (MSCI EM Materials +7.0% in AUD terms, MSCI Health Care +5.7% in AUD), whilst Energy and Utilities posted the largest losses (-1.9% in AUD terms and -1.3% in AUD terms respectively). Though India equities underperformed in the context of a worsening pandemic crisis (MSCI India -2.3% in AUD terms), South American markets were most affected with Chile (-10.5%), Columbia (-8.3%) and Peru (-7.7%) underperforming.

On a country basis, the largest contributor was the underweight to India and the largest detractor was the underweight to China. From a sector perspective, the largest contributor was the overweight to Materials and the largest detractor was the overweight to Financials. The largest stock level contributor was the underweight to Naspers Limited 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 April 2021 the portfolio reflected a 84.8% dividend yield premium to the MSCI EM index, whilst trading at a 50.4% price to book discount, a 54.8% price to cashflow discount and 61.5% 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 30 April 2021. 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 2021

Data as at: 30 April 2021

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. The covariance and variance are ex ante calculations based on current weights and historic patterns of return over the past five years.

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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