

Realindex Emerging Markets Fund-Class A

Monthly Factsheet

31 July 2021

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\$)	992 million
Benchmark	MSCI Emerging Markets Net Index
Number of stock holdings	491
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	-2.2	3.2	27.2	6.7	10.4	7.3	6.6	5.2
Benchmark return	-4.7	0.5	17.7	8.3	11.1	8.6	7.9	6.4
Excess net return	2.5	2.7	9.5	-1.7	-0.7	-1.3	-1.3	-1.2
Income return	0.0	5.2	8.9	6.3	7.5	8.8	6.8	6.4
Growth return	-2.2	-2.0	18.2	0.4	2.8	-1.5	-0.2	-1.2

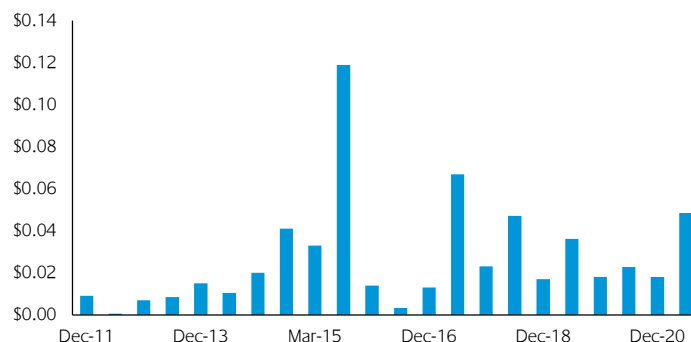
Note: Net return is the return after management fee

Sector Breakdown (%)

Sector	Fund weight	Benchmark weight	Active weight
Financials	29.37	18.40	10.97
Information Technology	15.20	21.19	-5.98
Materials	12.19	9.18	3.01
Communication Services	9.27	10.68	-1.41
Consumer Discretionary	7.90	16.26	-8.37
Energy	7.37	5.10	2.28
Industrials	5.07	4.87	0.19
Consumer Staples	4.78	5.62	-0.84
Real Estate	3.27	1.78	1.49
Utilities	3.06	2.04	1.02
Health Care	0.53	4.88	-4.35
Others	0.00	0.00	0.00

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Distributions



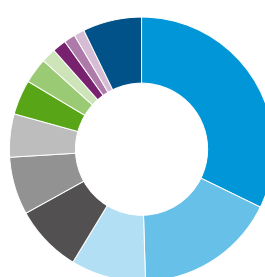
Top 10 Holdings

Stock	Fund Weight	Benchmark Weight	Active Weight
Samsung Electronics Co., Ltd.	5.57	4.07	1.50
Ping An Insurance (Group) Company of China, Ltd. Class H	2.12	0.69	1.42
Taiwan Semiconductor Manufacturing Co. Ltd.	1.94	6.38	-4.45
China Construction Bank Corporation Class H	1.71	0.84	0.87
China Merchants Bank Co., Ltd. Class H	1.59	0.37	1.22
Bank of Communications Co., Ltd. Class H	1.50	0.06	1.44
Vale S.A.	1.23	1.05	0.19
America Movil SAB de CV Class L	1.13	0.36	0.77
Alibaba Group Holding Ltd. Sponsored ADR	1.08	0.00	1.08
Bank of China Limited Class H	1.04	0.34	0.69

Risk Characteristics

Period	1yr	3yr	5yr	7yr	10yr	SI
Fund standard deviation (%)	9.9	12.2	11.4	12.3	12.3	12.2
Benchmark standard deviation (%)	8.5	11.7	10.4	10.6	10.8	10.8
Tracking error (%)	7.7	6.3	5.9	5.9	5.3	5.1
Fund Sharpe ratio	2.7	0.5	0.8	0.5	0.4	0.3
Information ratio	1.2	-0.3	-0.1	-0.2	-0.2	-0.2
Beta	0.8	0.9	0.9	1.0	1.0	1.0
Cashflow adjusted turnover (%)	24.8	22.4	20.0	20.6	18.6	

Country Breakdown



China	32.1% (34.8%*)
South Korea	17.3% (13.4%*)
Taiwan	9.1% (14.4%*)
Brazil	8.2% (5.3%*)
India	7.1% (10.7%*)
Russia	5.3% (3.5%*)
Mexico	4.3% (1.9%*)
South Africa	3.1% (3.7%*)
European Union	1.8% (0.0%*)
Turkey	1.7% (0.3%*)
Thailand	1.4% (1.6%*)
United Arab Emirates	1.3% (0.8%*)
Others	7.2% (5.7%*)

*Benchmark weight

Realindex Emerging Markets Fund-Class A

The Realindex Emerging Markets Fund returned -2.20% (net of fees) during July, outperforming the MSCI Emerging Markets Net Index which returned -4.74% (in AUD).

Value stocks outperformed Growth stocks by 3.9% over the month (MSCI Emerging Markets Value -2.7% vs. Growth -6.7%, in AUD). Over the past year Value has outperformed Growth by 11.6% (MSCI Emerging Markets Value +23.7% vs. Growth +12.1%, in AUD). On a five year basis, Value lags Growth by 5.6% p.a. (AUD) providing a significant longer-term performance headwind.

Global equity markets moderated their upward gains in July amidst concerns the global economic recovery would stall due to the emergence of a fourth wave of Covid cases, as many governments attempt to increase vaccine uptake. Emerging markets experienced a challenging month, as the MSCI EM declined heavily (-4.7% in AUD terms). China experienced a significant fall in equity prices (MSCI China -12.0% in AUD terms) amid a Chinese government regulatory clampdown on the education and tech sector as well as foreign listing requirements, which in turn pushed down Hong Kong listed technology and foreign listed Chinese companies more generally.

Global bond yields continued to soften in July in line with growth expectations for the global economy, which in turn led to a strengthening in gold prices for the month. The losses in emerging market equities were experienced broadly across all sectors; in particular Real Estate (-15.7%), and Consumer Discretionary sectors (-12.3%).

On a country basis, the largest contributor was the underweight to China and the largest detractor was the underweight to Saudi Arabia. From a sector perspective, the largest contributor was the underweight to Consumer Discretionary and the largest detractor was the underweight to Information Technology. The largest stock level contributor was the underweight to Tencent Holdings Ltd. and the largest stock level detractor was the underweight to Taiwan Semiconductor Manufacturing Co., 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 July 2021 the portfolio reflected a 85.3% dividend yield premium to the MSCI EM index, whilst trading at a 48.0% price to book discount, a 54.7% price to cashflow discount and 58.7% 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 July 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: 31 July 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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