

Realindex Emerging Markets Fund-Class A

Monthly Factsheet

31 August 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\$)	1,117 million
Benchmark	MSCI Emerging Markets Net Index
Number of stock holdings	488
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	4.0	3.5	35.6	8.0	10.3	7.7	7.8	5.6
Benchmark return	3.2	1.5	22.6	9.5	11.0	8.8	8.9	6.7
Excess net return	0.8	1.9	13.0	-1.5	-0.7	-1.1	-1.2	-1.1
Income return	0.0	5.2	9.5	6.4	7.5	8.9	6.9	6.3
Growth return	4.0	-1.7	26.1	1.7	2.8	-1.1	0.9	-0.8

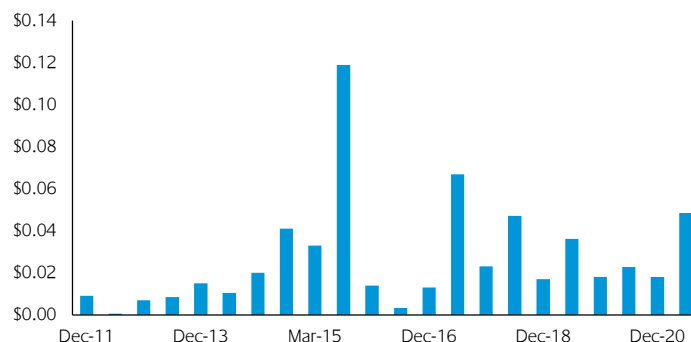
Note: Net return is the return after management fee

Sector Breakdown (%)

Sector	Fund weight	Benchmark weight	Active weight
Financials	29.71	19.19	10.53
Information Technology	15.16	21.31	-6.15
Materials	12.10	8.91	3.19
Communication Services	9.68	10.62	-0.94
Consumer Discretionary	7.68	15.23	-7.55
Energy	7.66	5.28	2.39
Industrials	5.24	4.97	0.27
Consumer Staples	4.81	5.76	-0.96
Real Estate	3.31	1.81	1.51
Utilities	3.23	2.18	1.05
Health Care	0.50	4.74	-4.24

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Distributions



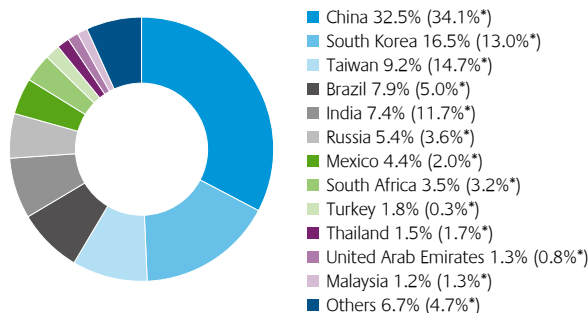
Top 10 Holdings

Stock	Fund Weight	Benchmark Weight	Active Weight
Samsung Electronics Co., Ltd.	5.35	3.87	1.48
Taiwan Semiconductor Manufacturing Co. Ltd.	2.03	6.68	-4.66
Ping An Insurance (Group) Company of China, Ltd. Class H	1.78	0.60	1.18
China Merchants Bank Co., Ltd. Class H	1.68	0.39	1.29
China Construction Bank Corporation Class H	1.58	0.85	0.73
Bank of Communications Co., Ltd. Class H	1.47	0.06	1.41
America Movil SAB de CV Class L	1.30	0.41	0.89
Vale S.A.	1.12	0.94	0.18
Bank of China Limited Class H	1.04	0.34	0.70
Hon Hai Precision Industry	1.01	0.61	0.39

Risk Characteristics

Period	1yr	3yr	5yr	7yr	10yr	SI
Fund standard deviation (%)	8.8	12.3	11.4	12.4	12.1	12.2
Benchmark standard deviation (%)	8.3	11.8	10.4	10.7	10.6	10.8
Tracking error (%)	7.4	6.4	5.9	5.9	5.3	5.1
Fund Sharpe ratio	4.0	0.6	0.8	0.5	0.5	0.4
Information ratio	1.8	-0.2	-0.1	-0.2	-0.2	-0.2
Beta	0.7	0.9	0.9	1.0	1.0	1.0
Cashflow adjusted turnover (%)	25.6	22.6	20.1	20.7	18.7	

Country Breakdown



*Benchmark weight

Realindex Emerging Markets Fund-Class A

The Realindex Emerging Markets Fund returned +4.05% (net of fees) during August, outperforming the MSCI Emerging Markets Net Index which returned +3.21% (in AUD).

Value stocks outperformed Growth stocks by 0.3% over the month (MSCI Emerging Markets Value +3.3% vs. Growth +3.1%, in AUD). Over the past year Value has significantly outperformed Growth by 15.7% (MSCI Emerging Markets Value +30.9% vs. Growth +15.1%, in AUD). On a five year basis, Value lags Growth by 5.2% p.a. (AUD) providing a longer-term performance headwind.

Global equity markets were up in August, posting 3.1% in AUD terms as measured by the MSCI ACWI buoyed by evidence of a global economic recovery in various developed markets, particularly in Europe and the US. Concerns over the impact of Chinese regulatory based crackdowns abated which pushed various sectors including global luxury stocks higher.

Emerging markets overall had a positive month. Oil prices weakened on the back of increased inventories and weaker consumer demand stemming from the spread of the delta variant, while gold prices fell on the back of dovish comments made by the Fed to keep rates low. Emerging markets ended higher despite being weighed down by weakness in Emerging Asia's largest markets, Korea (-1.0%) and China (+0.6%). Utilities (+9.8%), Financials (7.0%) and Energy (7.0%) led the emerging sectors, while Materials (-0.1%), Health Care (-0.3%) and Consumer Discretionary (-1.2%) sectors were down.

On a country basis, the largest contributor was the overweight to China and the largest detractor was the overweight to India. From a sector perspective, the largest contributor was the underweight to Communication Services and the largest detractor was the overweight to Financials. The largest stock level contributor was the underweight to Alibaba Group Holding 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 August 2021 the portfolio reflected a 82.9% dividend yield premium to the MSCI EM index, whilst trading at a 48.4% price to book discount, a 55.1% price to cashflow discount and 59.9% 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 August 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 August 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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