Realindex Emerging Markets Fund-Class A

Monthly Factsheet

28 February 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$)	605 million
Benchmark	MSCI Emerging Markets Net Index
Number of stock holdings	483
Buy / Sell spread	0.10% / 0.10%
Minimum investment (A$)	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 (%)

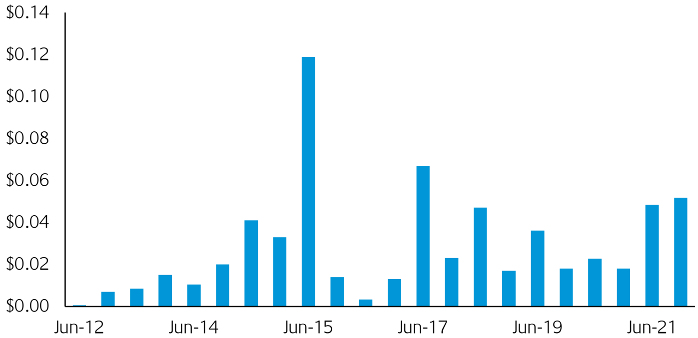
Period	1mth	3mth	1yr	3yr	5yr	7yr	10yr	SI
Net return	-6.9	-0.9	3.5	3.1	6.6	5.7	6.3	4.6
Benchmark return	-5.8	-5.3	-4.7	5.3	8.2	6.0	7.4	5.5
Excess net return	-1.1	4.4	8.2	-2.2	-1.6	-0.3	-1.1	-0.9
Income return	0.0	0.0	10.9	7.4	8.2	8.7	7.2	6.5
Growth return	-6.9	-0.9	-7.4	-4.2	-1.5	-3.0	-0.9	-1.9

Note: Net return is the return after management fee

Sector Breakdown (%)

Sector	Fund weight	Benchmark weight	Active weight
Financials	32.67	20.96	11.71
Information Technology	14.07	21.80	-7.73
Materials	10.52	9.33	1.19
Communication Services	9.66	10.52	-0.86
Energy	7.12	5.16	1.95
Consumer Discretionary	6.97	12.55	-5.58
Industrials	5.05	5.30	-0.25
Consumer Staples	4.94	5.94	-1.00
Utilities	3.11	2.44	0.67
Real Estate	3.09	2.12	0.97
Health Care	0.51	3.88	-3.36

Distributions



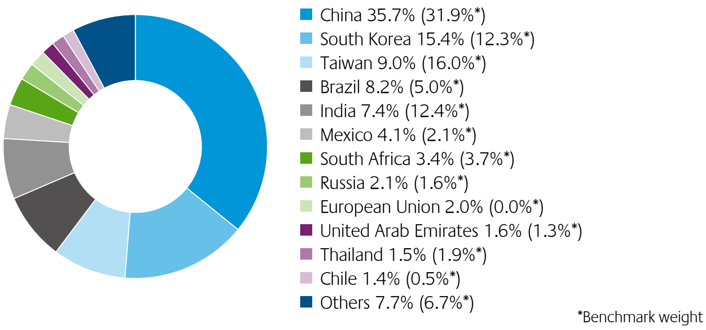
Top 10 Holdings

Stock	Fund Weight	Benchmark Weight	Active Weight
Samsung Electronics Co., Ltd.	5.04	3.83	1.21
Ping An Insurance (Group) Company of China, Ltd. Class H	2.53	0.65	1.88
China Construction Bank Corporation Class H	1.96	0.96	1.00
Taiwan Semiconductor Manufacturing Co. Ltd.	1.94	7.10	-5.16
Bank of Communications Co., Ltd. Class H	1.83	0.08	1.75
China Merchants Bank Co., Ltd. Class H	1.55	0.44	1.11
Bank of China Limited Class H	1.28	0.41	0.86
China Mobile Limited	1.12	0.00	1.12
Vale S.A.	1.10	0.98	0.12
America Movil SAB de CV Class L	1.06	0.42	0.64

Risk Characteristics

Period	1yr	3yr	5yr	7yr	10yr	SI
Fund standard deviation (%)	12.0	12.9	12.2	12.9	12.0	12.3
Benchmark standard deviation (%)	10.1	11.7	11.0	10.9	10.3	10.9
Tracking error (%)	6.4	6.6	6.1	6.1	5.5	5.2
Fund Sharpe ratio	0.3	0.3	0.5	0.3	0.4	0.3
Information ratio	1.3	-0.3	-0.3	0.0	-0.2	-0.2
Beta	1.0	1.0	1.0	1.0	1.0	1.0
Cashflow adjusted turnover (%)	14.0	18.7	18.5	19.2	18.4	

Country Breakdown



The Realindex Emerging Markets Fund returned -6.94% (net of fees) during February, versus the MSCI Emerging Markets Net Index which returned -5.81% (in AUD).

Value stocks outperformed Growth stocks by 2.5% over the month (MSCI Emerging Markets Value -4.5% vs. Growth -7.0%, in AUD). Over the past year, Value has outperformed Growth by 17.4% (MSCI Emerging Markets Value +4.6% vs. Growth -12.8%, in AUD). On a five year basis, Value lags Growth by 4.2% p.a. (AUD) providing a significant longer-term performance headwind.

Multiple themes affected markets and investors in February and the year more broadly. With inflationary pressures continuing, there was a clear shift by central banks positioning themselves towards controlling inflation and away from economic stimulus. The direction of future policy however has been made more uncertain by Russia's recent invasion of Ukraine. The economic sanctions governments around the world have imposed on Russia, including a freeze of the global payments system into and out of Russia, has increased the risk of an economic downturn. A flattening yield curve and an emerging crisis over oil and gas supplies has heightened fears of a global recession. The result of these events was a sell-off in global equities and a spike in equity volatility.

As fears of an economic downturn gave way to managing the risks of a spike in energy and commodity prices more broadly, the cyclically oriented Value sectors outperformed Growth oriented sectors.

In emerging markets, the sell-off in Russia was significant with losses exceeding 54% in AUD terms before exchanges and markets were suspended in late February. Those losses are expected to reach almost 100% as MSCI plans to deem the value of Russian securities to be almost zero as Russia is delisted from the EM indices in March. As a result, the energy rich Russian market pushed the Energy sector down (MSCI EM Energy: -16.1% in AUD terms). Consumer Discretionary and Communication Services sectors also significantly underperformed (-9.1% and -8.8% in AUD terms respectively). EM materials (+1% in AUD terms) was the only sector that posted positive returns. From a style perspective, investors sought refuge in low risk names; unlike developed markets, Value was severely punished due to the Russian energy exposure within that group of stocks.

On a country basis, the largest contributor was the overweight to China and the largest detractor was the overweight to Russia. From a sector perspective, the largest contributor was the overweight to Financials and the largest detractor was the overweight to Materials. The largest stock level contributor was the underweight to Tencent Holdings Ltd. and the largest stock level detractor was the overweight to Oil Co. LUKOIL PJSC.

Driven by the methodology of rebalancing further into cheap value companies, the portfolio continues to sit on deep valuation discounts. At the end of February 2022 the portfolio reflected a 87.3% dividend yield premium to the MSCI EM index, whilst trading at a 44.6% price to book discount, a 52.7% price to cashflow discount and 57.2% 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 28 February 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: 28 February 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. 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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