

Realindex Emerging Markets Fund-Class A

Monthly Factsheet

31 January 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\$)	885 million
Benchmark	MSCI Emerging Markets Net Index
Number of stock holdings	475
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 (%)

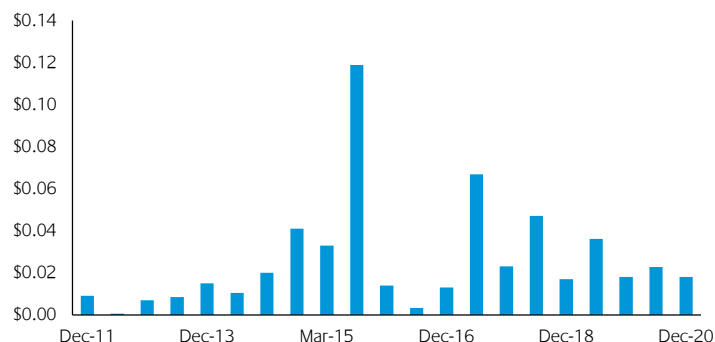
Period	1mth	3mth	1yr	3yr	5yr	7yr	10yr	SI
Net return	1.3	14.2	1.7	1.8	11.8	7.3	4.8	4.5
Benchmark return	3.7	10.6	11.6	6.3	13.2	9.7	7.0	6.6
Excess net return	-2.4	3.6	-9.9	-4.5	-1.4	-2.3	-2.2	-2.1
Income return	0.0	2.4	5.1	6.1	6.7	8.3	6.2	6.1
Growth return	1.3	11.8	-3.4	-4.2	5.1	-0.9	-1.4	-1.6

Note: Net return is the return after management fee

Sector Breakdown (%)

Sector	Fund weight	Benchmark weight	Active weight
Financials	26.91	17.14	9.77
Information Technology	17.18	20.90	-3.72
Materials	11.57	7.38	4.19
Consumer Discretionary	10.26	19.28	-9.03
Communication Services	8.33	12.28	-3.95
Energy	6.81	4.59	2.21
Industrials	6.36	4.23	2.13
Consumer Staples	4.28	5.66	-1.39
Real Estate	3.82	1.95	1.87
Utilities	3.05	1.91	1.14
Others	0.41	4.68	-4.27

Distributions



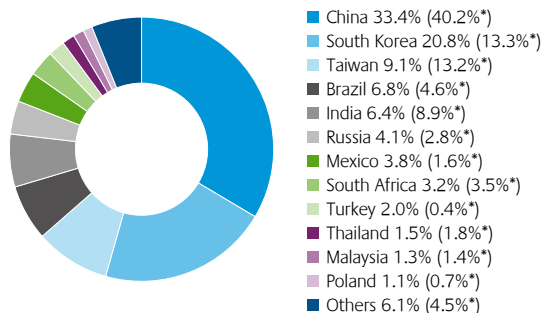
Top 10 Holdings

Stock	Fund Weight	Benchmark Weight	Active Weight
Samsung Electronics Co., Ltd.	6.55	4.35	2.19
Taiwan Semiconductor Manufacturing Co. Ltd.	2.31	6.47	-4.16
Ping An Insurance (Group) Company of China, Ltd. Class H	2.30	0.87	1.43
China Merchants Bank Co., Ltd. Class H	1.76	0.37	1.39
China Construction Bank Corporation Class H	1.58	0.91	0.67
Hyundai Motor Company	1.53	0.38	1.15
Bank of Communications Co., Ltd. Class H	1.23	0.06	1.17
Hon Hai Precision Industry	1.22	0.62	0.60
LG Electronics Inc.	1.11	0.18	0.93
Vale S.A.	1.10	0.74	0.36

Risk Characteristics

Period	1yr	3yr	5yr	7yr	10yr	SI
Fund standard deviation (%)	16.2	12.6	11.8	12.3	12.4	12.4
Benchmark standard deviation (%)	14.3	11.6	10.3	10.5	10.9	10.9
Tracking error (%)	6.8	5.8	5.9	5.6	5.0	5.0
Fund Sharpe ratio	0.1	0.1	0.9	0.5	0.2	0.3
Information ratio	-1.5	-0.8	-0.2	-0.4	-0.4	-0.4
Beta	1.0	1.0	1.0	1.0	1.0	1.0
Cashflow adjusted turnover (%)	19.8	21.3	20.0	19.8	19.0	

Country Breakdown



*Benchmark weight

Realindex Emerging Markets Fund-Class A

The Realindex Emerging Markets Fund returned +1.27% (net of fees) during January, versus the MSCI Emerging Markets Net Index which returned +3.66% (in AUD).

Value stocks underperformed Growth stocks by 4.5% over the month (MSCI Emerging Markets Value +1.3% vs. Growth +5.9%, in AUD). Over the past year, the magnitude of the Value headwind has been considerable; Value has underperformed Growth by 24.5% (MSCI Emerging Markets Value -0.6% vs. Growth +23.9%, in AUD). On a five year basis, Value lags Growth by 8.1% p.a. (AUD) providing a significant longer-term performance headwind.

The month saw elevated uncertainty as markets continued to re-evaluate their growth expectations around the success of a global vaccine rollout and the likelihood of US stimulus packages being approved by Congress. This uncertainty coupled with unprecedented events surrounding the en masse action of retail investors interested in holding heavily shorted stocks such as GameStop helped drive global equity market volatility higher and US market trading volumes to levels not seen since the global financial crisis. Whilst, developed markets struggled, Emerging markets rallied (MSCI EM posting + 3.7% in AUD terms), led by Communication Services (MSCI EM Communication Services: +13.1%) and Consumer Discretionary (MSCI EM Consumer Discretionary +7.8%) sectors.

On a country basis, the largest contributor was the overweight to India and the largest detractor was the underweight to China. From a sector perspective, the largest contributor was the overweight to Industrials and the largest detractor was the underweight to Communication Services. The largest stock level contributor was the overweight to China Merchants Bank Co., Ltd. and the largest stock level detractor was the underweight to Tencent Holdings 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 January 2021 the portfolio reflected a 90.9% dividend yield premium to the MSCI EM index, whilst trading at a 57.3% price to book discount, a 59.1% price to cashflow discount and 64.6% 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 January 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 January 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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