

Realindex Emerging Markets Value-Class A

Monthly Factsheet

30 April 2023

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 (AS)	793 million
Benchmark	MSCI Emerging Markets Net Index
Number of stock holdings	421
Buy / Sell spread	0.10% / 0.10%
Minimum investment (AS)	25,000
Management fees and costs (p.a.)*	0.68%

*Information on Management fees and 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	2.6	4.1	5.2	8.3	2.5	7.8	6.6	4.3
Benchmark return	0.2	1.6	0.5	4.0	1.6	6.8	6.5	4.5
Excess net return	2.4	2.5	4.7	4.3	0.9	1.0	0.1	-0.2
Income return	0.0	0.0	2.9	6.7	6.4	6.7	7.5	6.1
Growth return	2.6	4.1	2.3	1.7	-3.9	1.1	-0.9	-1.8

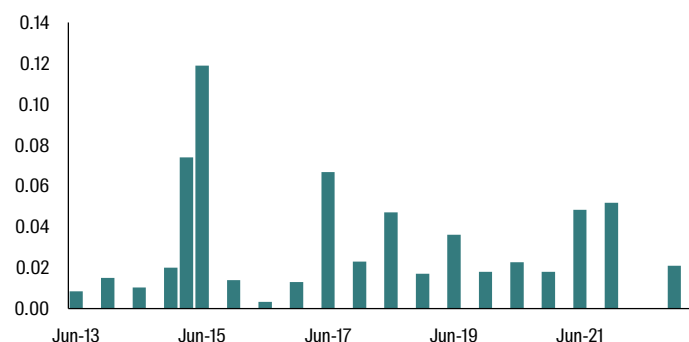
Note: Net return is the return after management fee

Risk Characteristics

Period	1yr	3yr	5yr	7yr	10yr	SI
Fund standard deviation (%)	13.9	12.4	12.8	12.0	12.3	12.4
Benchmark standard deviation (%)	13.8	11.7	12.1	11.1	10.9	11.2
Tracking error (%)	4.0	6.4	6.0	5.9	5.6	5.2
Fund Sharpe ratio	0.2	0.6	0.1	0.5	0.4	0.2
Information ratio	1.2	0.7	0.1	0.2	0.0	0.0
Beta	1.0	0.9	0.9	0.9	1.0	1.0
Cashflow adjusted turnover (%)	44.5	27.3	25.2	22.4	21.6	

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Distributions



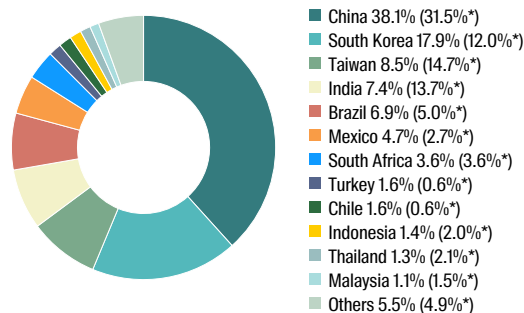
Top 10 Holdings

Stock	Fund Weight	Benchmark Weight	Active Weight
Samsung Electronics Co., Ltd.	5.09	3.61	1.48
Ping An Insurance (Group) Company of China, Ltd. Class H	3.18	0.71	2.47
Bank of Communications Co., Ltd. Class H	2.01	0.09	1.92
Taiwan Semiconductor Manufacturing Co. Ltd.	1.95	6.21	-4.26
China Construction Bank Corporation Class H	1.78	0.99	0.79
Tencent Holdings Ltd.	1.51	4.22	-2.71
Bank of China Limited Class H	1.47	0.49	0.98
Alibaba Group Holding Ltd. Sponsored ADR	1.29	0.00	1.29
Vale S.A.	1.24	0.85	0.39
China Merchants Bank Co., Ltd. Class H	1.17	0.29	0.88

Sector Breakdown (%)

Sector	Fund Weight	Benchmark Weight	Active Weight
Financials	33.46	22.17	11.29
Information Technology	15.29	19.69	-4.40
Materials	9.15	8.79	0.36
Consumer Discretionary	9.14	12.82	-3.68
Communication Services	7.81	10.09	-2.29
Industrials	6.07	6.30	-0.23
Energy	5.15	5.00	0.15
Consumer Staples	5.02	6.56	-1.53
Real Estate	3.09	1.93	1.16
Utilities	2.74	2.72	0.02
Health Care	1.75	3.93	-2.18

Country Breakdown



*Benchmark weight

Realindex Emerging Markets Value returned +2.61% (net of fees) during April, outperforming the MSCI Emerging Markets Net Index which returned +0.20% (in AUD).

Global equity markets were mixed amidst persistent inflation which continued to pose a challenge to central banks. US stocks made limited gains in April led by large caps, as investor optimism resulting from the Fed's anticipated moderation of monetary policy was tempered by concerns over economic growth. Uncertainty in the banking sector also continued with the collapse of First Republic bank. China reaffirmed its supportive policy stance for the economy amidst growing exports and consumer demand. Despite this, China's equity market continued to underperform in April, leading emerging markets lower as concerns over its political stance on Taiwan, relationship with Russia and ongoing regulations with the private sector still weigh on investors.

Overall, Emerging equity markets were very weak in April, lagging developed markets with the MSCI EM Index posting +0.2% in AUD terms. Value oriented sectors Energy (+7.6%) and Financials (+5.6%) strongly outperformed growth oriented Consumer Discretionary and Communication Services sectors with each posting -5.7% and -4.3% respectively.

In this environment, the portfolio benefitted from its exposure to Value stocks which outperformed Growth stocks by 3.0% over the month (MSCI Emerging Markets Value +1.8% vs. Growth -1.3%, in AUD). Over the past year Value has outperformed Growth by 5.9% (AUD), while on a five year basis Value has outperformed Growth by 0.3% p.a. (AUD).

The portfolio strongly benefitted from its overweight positioning in China; in particular its large overweight to China Financials and underweight to China Consumer Discretionary names were the biggest drivers of the portfolio from a country perspective. The portfolio's underweight to India and Saudi Arabia were amongst the largest detractors to performance from a country perspective. From a sector perspective, favourable positioning in Financials which the portfolio is significantly overweight helped drive performance, along with the portfolio's underweight to IT names. The largest detractor from a sector perspective was the overweight to Materials, largely the result of stock selection. The largest stock level contributor was the underweight to Tencent Holdings Ltd. and the largest stock level detractor was the underweight to Reliance Industries Limited.

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 2023 the portfolio reflected a 75.7% dividend yield premium to the MSCI EM index, whilst trading at a 33.3% price to book discount, a 53.5% price to cashflow discount and 51.5% 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 2023. 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 2023

Data as at: 30 April 2023

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.

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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