Realindex Emerging Markets Value-Class A

realindex INVESTMENTS

Monthly Factsheet

31 July 2023

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$)	818 million
Benchmark	MSCI Emerging Markets Net Index
Number of stock holdings	418
Buy / Sell spread	0.10% / 0.10%
Minimum investment (A$)	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	5.6	6.5	19.8	10.1	4.9	8.0	6.7	4.8
Benchmark return	4.9	6.3	12.2	3.6	3.7	6.9	6.5	4.9
Excess net return	0.6	0.2	7.6	6.5	1.2	1.1	0.2	-0.1
Income return	0.0	1.8	5.2	6.3	5.8	6.8	7.5	6.2
Growth return	5.6	4.7	14.6	3.8	-0.9	1.2	-0.8	-1.4

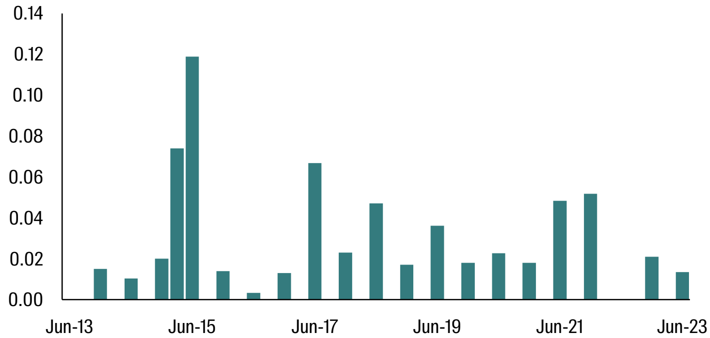
Past performance is not a reliable indicator of future performance

Note: Net return is the return after management fee

Risk Characteristics

Period	1yr	3yr	5yr	7yr	10yr	SI
Fund standard deviation (%)	13.2	12.6	12.6	12.0	12.2	12.4
Benchmark standard deviation (%)	13.9	11.6	12.1	11.2	10.8	11.2
Tracking error (%)	3.3	6.0	5.9	5.7	5.6	5.1
Fund Sharpe ratio	1.3	0.7	0.3	0.6	0.4	0.3
Information ratio	2.3	1.1	0.2	0.2	0.0	0.0
Beta	0.9	1.0	0.9	0.9	1.0	1.0
Cashflow adjusted turnover (%)	38.6	29.2	26.0	23.2	22.5	

Distributions



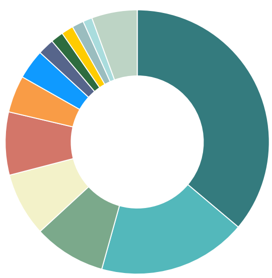
Top 10 Holdings

Stock	Fund Weight	Benchmark Weight	Active Weight
Samsung Electronics Co., Ltd.	5.22	3.70	1.53
Ping An Insurance (Group) Company of China, Ltd. Class H	2.91	0.65	2.26
Taiwan Semiconductor Manufacturing Co., Ltd.	1.80	6.26	-4.46
Bank of Communications Co., Ltd. Class H	1.76	0.07	1.69
China Construction Bank Corporation Class H	1.47	0.79	0.68
Tencent Holdings Ltd.	1.45	4.00	-2.54
Alibaba Group Holding Ltd. Sponsored ADR	1.23	0.00	1.23
Bank of China Limited Class H	1.22	0.42	0.80
POSCO Holdings Inc.	1.19	0.51	0.67
Kia Corp.	1.10	0.24	0.86

Sector Breakdown (%)

Sector	Fund Weight	Benchmark Weight	Active Weight
Financials	31.93	21.60	10.33
Information Technology	16.18	20.27	-4.09
Consumer Discretionary	9.54	14.20	-4.66
Materials	9.45	8.32	1.14
Communication Services	7.05	9.85	-2.80
Industrials	6.63	6.37	0.26
Consumer Staples	4.61	6.23	-1.62
Energy	4.58	5.06	-0.48
Real Estate	2.95	1.77	1.18
Utilities	2.90	2.57	0.33
Health Care	1.72	3.78	-2.06

Country Breakdown



- China 36.0% (30.7%*)
- South Korea 18.1% (12.4%*)
- Taiwan 8.8% (14.7%*)
- India 7.8% (14.2%*)
- Brazil 7.7% (5.5%*)
- Mexico 4.5% (2.8%*)
- South Africa 3.6% (3.4%*)
- European Union 2.0% (0.0%*)
- Chile 1.5% (0.5%*)
- Thailand 1.5% (2.0%*)
- Turkey 1.4% (0.6%*)
- Indonesia 1.1% (1.9%*)
- Others 5.6% (6.3%*)

*Benchmark weight

Realindex Emerging Markets Value returned +5.58% (net of fees) during July, outperforming the MSCI Emerging Markets Net Index which returned +4.93% (in AUD).

Global stocks performed well in July, with most regional markets posting positive gains. Abating inflation in the US and abroad, and increasing evidence pointing to a soft landing has helped support global equities. US headline inflation fell more than expected to 3% year on year. In response, the S&P 500 index rose 3.2% in USD terms in July, taking year to date returns to over 20%. This was despite the US Federal Reserve raising rates by 25 basis points in line with market expectations. In China, despite a slowing in GDP growth for the second quarter, the MSCI China Index posted a solid 9.1% in local currency and pushed Asian equities higher in July - largely a response to policy easing and hopes for further stimulus within the Chinese economy. Within Emerging Markets, performance was strong with China leading major markets. Consumer Discretionary (+12.5%), Materials (+7.7%) and Real Estate (+6.4%) sectors led MSCI Emerging Markets in July, while Information Technology names lagged (-0.35%).

Within this environment, Value stocks outperformed Growth stocks by 0.6% over the month (MSCI Emerging Markets Value +5.2% vs. Growth +4.7%, in AUD). Over the past year, Value has outperformed Growth by 7.1% (AUD), while on a five year basis, Value has outperformed Growth by 0.1% p.a. (AUD).

From a sector perspective, the fund strongly benefited from stock selection within Information Technology and its underweight to the sector, largely the result of its underweight to Semiconductors. Stock selection within Materials was also a positive contributor to performance. On the other hand, the fund was negatively impacted by its underweight to the Consumer Discretionary sector as well as poor stock selection within that sector. Regionally, the fund benefited from underweights to Taiwan and India, while stock selection in China was a major detractor, largely stemming from its underweights to Chinese Consumer Discretionary names. The largest stock level contributor was the overweight to Wistron Corporation and the largest stock level detractor was the underweight to Alibaba Group Holding 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 July 2023 the portfolio reflected a 80.0% dividend yield premium to the MSCI EM index, whilst trading at a 29.3% price to book discount, a 50.6% price to cashflow discount and 49.9% 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 July 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: 31 July 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.

www.realindex.com.au

For further information

Head of Wholesale - Aus/NZ
Quin Smith +61 455 095 505

Key Account Manager - NSW
Paul Sleiman +61 4 2251 1231

Business Development Manager – NSW
Emerson Bloom +61 472 633 201

Key Account Manager - VIC/TAS
Nicholas Everitt +61 499 454 206

Business Development Manager - VIC/TAS
Jack Heinz +61 436 810 683

Business Development Manager - QLD
Julie Day +61 466 413 176

Key Account Manager - WA/SA/NT
Nathan Robinson +61 403 272 440