Realindex Emerging Markets Value-Class A

realindex INVESTMENTS

Monthly Factsheet

31 August 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$)	792 million
Benchmark	MSCI Emerging Markets Net Index
Number of stock holdings	421
Buy / Sell spread	0.10% / 0.10%
Minimum investment (A$)	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	-2.8	4.1	14.7	9.9	4.3	6.9	6.5	4.5
Benchmark return	-2.4	3.4	7.2	3.1	3.2	6.0	6.3	4.7
Excess net return	-0.4	0.7	7.6	6.9	1.1	0.9	0.1	-0.2
Income return	0.0	1.7	5.0	6.3	5.8	6.8	7.5	6.1
Growth return	-2.8	2.3	9.7	3.6	-1.5	0.2	-1.0	-1.6

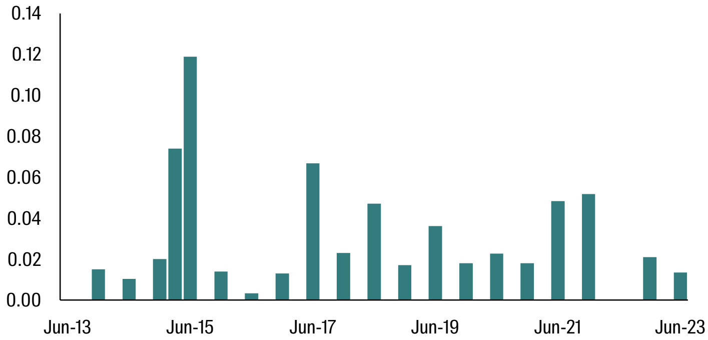
Past performance is not a reliable indicator of future performance

Note: Net return is the return after management fee

Risk Characteristics

Period	1yr	3yr	5yr	7yr	10yr	SI
Fund standard deviation (%)	13.9	12.6	12.7	12.0	12.3	12.4
Benchmark standard deviation (%)	14.2	11.7	12.2	11.2	10.9	11.1
Tracking error (%)	3.2	5.9	5.9	5.7	5.6	5.1
Fund Sharpe ratio	0.8	0.7	0.2	0.5	0.4	0.3
Information ratio	2.3	1.2	0.2	0.2	0.0	0.0
Beta	1.0	1.0	0.9	0.9	1.0	1.0
Cashflow adjusted turnover (%)	38.7	30.1	26.5	23.6	22.5	

Distributions



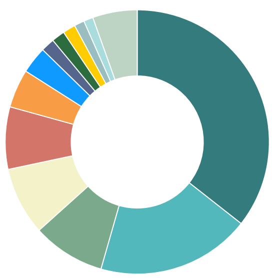
Top 10 Holdings

Stock	Fund Weight	Benchmark Weight	Active Weight
Samsung Electronics Co., Ltd.	5.19	3.65	1.54
Ping An Insurance (Group) Company of China, Ltd. Class H	2.60	0.57	2.02
Taiwan Semiconductor Manufacturing Co., Ltd.	1.86	6.41	-4.55
Bank of Communications Co., Ltd. Class H	1.80	0.08	1.72
China Construction Bank Corporation Class H	1.49	0.78	0.71
Tencent Holdings Ltd.	1.44	3.89	-2.45
Alibaba Group Holding Limited Sponsored ADR	1.33	0.00	1.33
Bank of China Limited Class H	1.20	0.41	0.79
Kia Corp.	1.16	0.24	0.92
Tata Consultancy Services Limited	1.09	0.56	0.53

Sector Breakdown (%)

Sector	Fund Weight	Benchmark Weight	Active Weight
Financials	32.07	21.79	10.28
Information Technology	16.41	20.62	-4.20
Consumer Discretionary	9.72	13.94	-4.22
Materials	9.15	7.88	1.27
Communication Services	7.20	9.68	-2.47
Industrials	6.88	6.62	0.26
Consumer Staples	4.80	6.28	-1.48
Energy	4.77	5.09	-0.32
Utilities	3.08	2.53	0.55
Real Estate	2.91	1.78	1.13
Health Care	1.80	3.79	-1.99

Country Breakdown



- China 35.5% (29.8%*)
- South Korea 18.8% (12.2%*)
- Taiwan 8.9% (15.0%*)
- India 8.3% (14.9%*)
- Brazil 7.6% (5.3%*)
- Mexico 4.7% (2.8%*)
- South Africa 3.3% (3.2%*)
- Turkey 1.7% (0.7%*)
- Thailand 1.6% (2.0%*)
- Chile 1.6% (0.5%*)
- United Arab Emirates 1.2% (1.3%*)
- Indonesia 1.2% (2.0%*)
- Others 5.4% (5.0%*)

*Benchmark weight

Realindex Emerging Markets Value returned -2.75% (net of fees) during August, versus the MSCI Emerging Markets Net Index which returned -2.36% (in AUD).

Emerging Markets performed poorly with the MSCI EM index posting -2.36% (AUD terms). This mainly stemmed from the downtown in economic indicators in China and its debt levels, which are creating challenges within the Property Sector. Poor performance was also seen in Asian markets with the Hong Kong's Hang Seng and China's CSI 300 falling by 8.5% and 6.2%, respectively. Overall within the MSCI EM Index, 10 out of 11 sectors were negative with the worst performers being Consumer Discretionary (-4.2%), Communication Services (-4.2%), and Utilities (-3.7%).

Within this environment, Value stocks in Emerging Markets outperformed Growth stocks by 0.5% over the month (MSCI Emerging Markets Value -2.1% vs. Growth -2.6%, in AUD). Over the past year Value has outperformed Growth by 8.0% (AUD), while on a five year basis Value has underperformed Growth by 0.05% p.a. (AUD).

Despite this, fund performance was lower than the benchmark over the month, mainly due to stock selection within Sectors and poor positioning across countries. From a sector perspective, positive stock selection in Energy names were more than offset by stock selection in Financials, Materials and Information Technology, which were the main detractors to performance. From a sector positioning perspective, the overweight to Financials aided the fund, while the underweight to Information Technology was a detractor. On a country basis, allocation effects hindered performance especially the underweight to India. The overweight to Korea was the largest contributor to performance stemming mainly from strong stock selection, while the overweight to China was the largest detractor as a result of stock selection, particularly from Chinese Communication Services and Real Estate names. The largest stock level contributor was the overweight to REC Limited and the largest stock level detractor was the overweight to Ping An Insurance (Group) Company of China, 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 2023 the portfolio reflected a 78.6% dividend yield premium to the MSCI EM index, whilst trading at a 33.8% price to book discount, a 49.5% price to cashflow discount and 50.3% 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 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 August 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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