

# Realindex Emerging Markets Value-Class A



## Monthly Factsheet

30 November 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\$)	779 million
Benchmark	MSCI Emerging Markets Net Index
Number of stock holdings	433
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 (%)

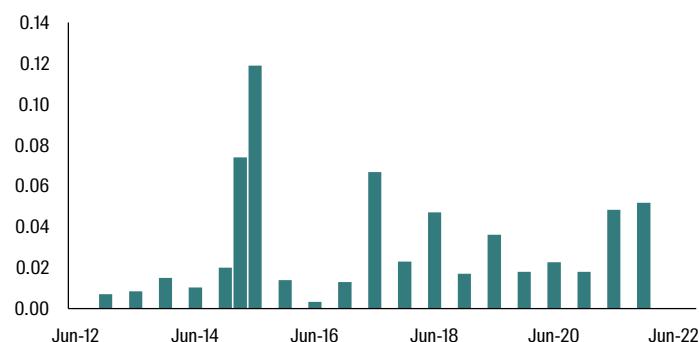
Period	1mth	3mth	1yr	3yr	5yr	7yr	10yr	SI
Net return	10.5	4.5	-4.7	1.6	3.3	7.3	6.3	4.0
Benchmark return	9.6	0.5	-12.6	0.5	2.1	6.2	6.7	4.4
Excess net return	0.8	4.0	7.9	1.1	1.2	1.1	-0.4	-0.4
Income return	0.0	0.0	0.0	6.0	6.4	6.5	7.2	6.1
Growth return	10.5	4.5	-4.7	-4.4	-3.1	0.8	-1.0	-2.1

Note: Net return is the return after management fee

### Risk Characteristics

Period	1yr	3yr	5yr	7yr	10yr	SI
Fund standard deviation (%)	15.5	14.2	13.1	12.4	12.4	12.5
Benchmark standard deviation (%)	14.2	13.0	12.0	11.2	10.9	11.2
Tracking error (%)	5.3	6.6	6.1	6.0	5.6	5.2
Fund Sharpe ratio	-0.4	0.1	0.2	0.5	0.4	0.2
Information ratio	1.5	0.2	0.2	0.2	-0.1	-0.1
Beta	1.0	1.0	1.0	1.0	1.0	1.0
Cashflow adjusted turnover (%)	26.7	25.6	23.8	21.7	20.8	

### Distributions



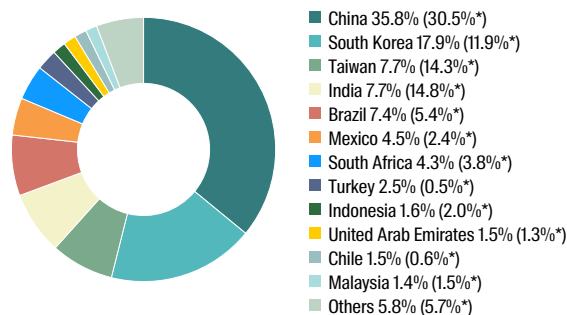
### Top 10 Holdings

Stock	Fund Weight	Benchmark Weight	Active Weight
Samsung Electronics Co., Ltd.	5.20	3.53	1.66
Ping An Insurance (Group) Company of China, Ltd. Class H	2.88	0.61	2.27
Taiwan Semiconductor Manufacturing Co. Ltd.	2.10	6.13	-4.02
Bank of Communications Co., Ltd. Class H	1.81	0.08	1.74
China Construction Bank Corporation Class H	1.71	0.91	0.80
Bank of China Limited Class H	1.57	0.44	1.13
Vale S.A.	1.50	1.02	0.48
Alibaba Group Holding Ltd. Sponsored ADR	1.37	0.00	1.37
China Merchants Bank Co., Ltd. Class H	1.25	0.31	0.94
America Movil SAB de CV Class L	1.10	0.42	0.68

### Sector Breakdown (%)

Sector	Fund Weight	Benchmark Weight	Active Weight
Financials	33.89	22.23	11.66
Information Technology	14.64	19.62	-4.98
Consumer Discretionary	9.62	13.41	-3.79
Materials	8.52	9.05	-0.53
Communication Services	7.44	9.29	-1.86
Industrials	6.35	5.97	0.38
Energy	6.09	5.14	0.95
Consumer Staples	5.01	6.27	-1.25
Real Estate	3.51	2.05	1.46
Utilities	2.85	3.01	-0.16
Health Care	0.81	3.96	-3.15

### Country Breakdown



\*Benchmark weight

Realindex Emerging Markets Value returned +10.47% (net of fees) during November, outperforming the MSCI Emerging Markets Net Index which returned +9.64% (in AUD).

With signs that global inflation may be easing in November, global equity markets were boosted by speculation that interest rates in key regions may not need to be raised significantly. The MSCI World Index rose 5.7%, although the gain was lower in AUD terms due to the strength of the Australian dollar. In the United States and Europe, major indices such as the S&P 500 (+5.4%), NASDAQ (+4.4%) and Euro Stoxx 50 (+9.6%) registered solid gains. However, Asian markets took the lead with strong returns from the CSI 300 (+9.8%) and Hang Seng (+26.6%) due to optimism around potential relaxation of China's COVID restrictions. Latin America underperformed for the month (MSCI Latin America: -4.1%), off the back of weakening oil prices. The strength in Emerging Markets was most seen in Real Estate (+29.6%) and Consumer Discretionary (+20.1%) while the weakest sector was Utilities (+2.3%); overall, growth sectors such as Technology (+12.8%) in Emerging Markets outperformed.

As a result, Value stocks underperformed Growth stocks by 2.6% over the month (MSCI Emerging Markets Value +8.3% vs. Growth +10.9%, in AUD) which in turn impacted the fund's performance. Over the past year Value has outperformed Growth by 11.8% (AUD), while on a five year basis Value and Growth have been on par.

On a country basis, the fund benefitted from the underweight to Saudi Arabia and the largest detractor was the underweight to Taiwan. From a sector perspective, the largest contributor was the overweight to Financials largely due to stock selection rather than sector positioning and the largest detractor was the underweight to Communication Services, which again was due to stock selection effects. The largest stock level contributor was the overweight to Ping An Insurance (Group) Company of China, 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 November 2022 the portfolio reflected a 79.8% dividend yield premium to the MSCI EM index, whilst trading at a 37.3% price to book discount, a 51.7% price to cashflow discount and 56.3% 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 30 November 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: 30 November 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.

**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](http://www.realindex.com.au)

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