

# Realindex Global Share Fund-Class A

## Monthly Factsheet

28 February 2021

For Adviser use only

### Portfolio Description

The portfolio invests in global shares by selecting and weighting companies based on fundamental measures of company size.

### Investment Strategy

Realindex forms a universe of global companies based on accounting measures which gives the portfolio a value tilt. 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. By weighting the portfolio based on accounting measures and factors such as quality, value and momentum, Realindex aims to generate higher returns versus the benchmark over the long term. The fund does not hedge currency exposure.

### Investment Objective

To provide capital and income growth by investing in global shares and outperforming the MSCI All Country World (ex Australia) Index, over rolling five year periods before fees and taxes.

### Product Overview

APIR code	FSF0974AU
Inception date	17 November 2008
Fund Size (A\$)	3,761 million
Benchmark	MSCI All Countries World ex Australia Net Index
Number of stock holdings	1,389
Buy / Sell spread	0.10% / 0.10%
Minimum investment (A\$)	25,000
Management cost (p.a.)*	0.46%

\* Information on Management Costs (including estimated indirect costs) is set out in the Fund's PDS.

### Performance Summary (%)

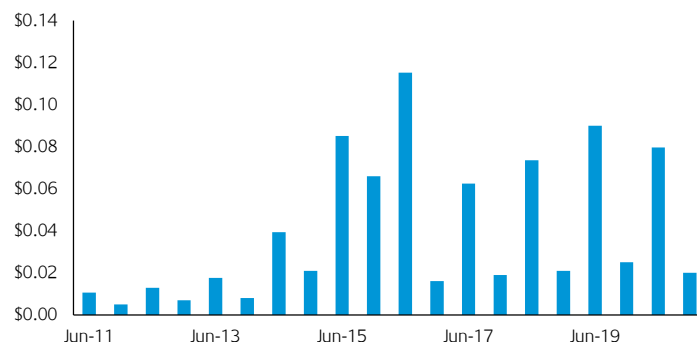
Period	1mth	3mth	1yr	3yr	5yr	7yr	10yr	SI
Net return	4.8	6.8	6.2	6.1	10.6	9.0	9.7	9.1
Benchmark return	1.4	1.4	8.5	10.6	12.4	11.4	12.0	10.4
Excess net return	3.4	5.4	-2.4	-4.5	-1.9	-2.4	-2.3	-1.4
Income return	0.0	1.6	8.3	7.8	8.4	8.3	6.5	5.5
Growth return	4.8	5.2	-2.2	-1.7	2.1	0.8	3.2	3.5

Note: Net return is the return after management fee

### Sector Breakdown (%)

Sector	Fund weight	Benchmark weight	Active weight
Financials	22.09	13.75	8.35
Consumer Discretionary	13.26	13.02	0.24
Information Technology	12.16	22.08	-9.93
Industrials	10.61	9.79	0.82
Communication Services	7.72	9.75	-2.03
Health Care	7.26	11.46	-4.20
Materials	6.89	4.69	2.21
Energy	6.68	3.39	3.29
Consumer Staples	6.19	6.80	-0.61
Utilities	3.71	2.77	0.94
Real Estate	2.68	2.50	0.18

### Distributions



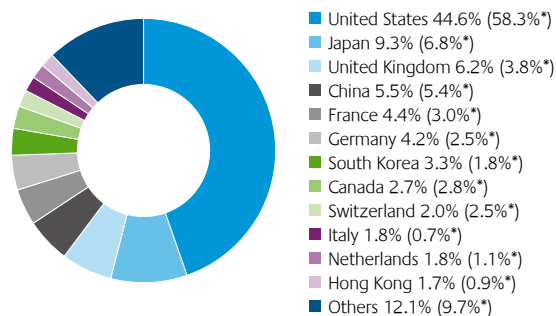
### Top 10 Holdings

Stock	Fund Weight	Benchmark Weight	Active Weight
Apple Inc.	1.68	3.51	-1.84
Samsung Electronics Co., Ltd.	1.09	0.59	0.50
JPMorgan Chase & Co.	0.95	0.76	0.19
Microsoft Corporation	0.84	2.83	-1.99
Bank of America Corporation	0.74	0.46	0.28
Berkshire Hathaway Inc. Class B	0.66	0.57	0.09
Walmart Inc	0.65	0.31	0.34
Wells Fargo & Company	0.65	0.24	0.41
Volkswagen AG	0.63	0.01	0.62
Toyota Motor Corp.	0.63	0.27	0.36

### Risk Characteristics

Period	1yr	3yr	5yr	7yr	10yr	SI
Fund standard deviation (%)	17.6	13.4	11.6	11.2	11.1	11.7
Benchmark standard deviation (%)	12.2	11.3	10.2	10.2	10.2	10.5
Tracking error (%)	7.6	5.4	4.6	4.2	3.7	4.0
Fund Sharpe ratio	0.3	0.4	0.8	0.7	0.7	0.6
Information ratio	-0.3	-0.8	-0.4	-0.6	-0.6	-0.3
Beta	1.3	1.1	1.0	1.0	1.0	1.1
Cashflow adjusted turnover (%)	19.7	18.7	19.3	18.0	18.8	

### Country Breakdown



\*Benchmark weight

## Realindex Global Share Fund-Class A

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The Realindex Global Share Fund returned +4.76% (net of fees) during February, outperforming the MSCI All Countries World ex Australia Net Index which returned +1.39% (in AUD).

Value stocks significantly outperformed Growth stocks by 4.1% over the month (MSCI AC World ex AU Value +3.5% vs. Growth -0.7%, in AUD). Over the past year, the magnitude of the Value headwind has been considerable, with Value versus Growth underperforming by 21.0% (AUD), and on a five year basis by 9.1% p.a. (AUD), providing a significant longer-term performance headwind.

The month saw continued volatility as the vaccine-led global recovery pushed global equity markets higher in the early part of the month. However markets led by technology stocks experienced a sharp sell off in late February following a spike in global bond yields as oil prices continued to surge and markets began to form expectations of a rise in inflation and future interest rate hikes. In the midst of this activity, growth and defensive stocks struggled while low duration, value stocks surged led by the Energy and Financials sectors. The MSCI World index posted 2.7% in AUD terms with Energy (MSCI World Energy +14.7%) and Financials (MSCI World Financials +9.0%) leading and Utilities (MSCI World Utilities -6.7%) lagging. Emerging markets were more muted (MSCI EM posting -0.1% in AUD terms), with Real Estate outperforming (MSCI EM Real Estate +7.7%) and Health Care underperforming (MSCI EM Health Care -5.2%).

Regionally, the largest contributor was the underweight to North America and the largest detractor was the overweight to Developed Asia. From a sector perspective, the largest contributor was the overweight to Financials and the largest detractor was the underweight to Communication Services. The largest stock level contributor was the underweight to Apple Inc. and the largest stock level detractor was the underweight to Alphabet Inc.

Driven by the methodology of rebalancing further into cheap Value companies, the portfolio continues to sit on deep valuation discounts. At the end of February 2021 the portfolio reflected a 56.7% dividend yield premium to the MSCI ACWI ex AU index, whilst trading at a 44.9% price to book discount, a 45.1% price to cashflow discount and 52.7% price to sales discount. The emerging markets portion of this strategy sits at even deeper discounts, indicating that the portfolio remains well positioned for mean reversion in Value.

Note: Returns in parenthesis show the total return for the month ending 28 February 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: 28 February 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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