

Realindex Global Share Hedged Fund- Class A

Monthly Factsheet

31 August 2022

Portfolio Description

The portfolio invests in global shares by selecting and weighting companies based on fundamental measures of company size, hedged to Australian dollars.

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 aims to 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, hedged to Australian dollars over rolling five year periods before fees and taxes.

Product Overview

APIR code	FSF0975AU
Inception date	17 November 2008
Fund Size (A\$)	263 million
Benchmark	MSCI ACWI ex Australia Net AUD Hedged (Daily)
Number of stock holdings	1,067
Buy / Sell spread	0.10% / 0.10%
Minimum investment (A\$)	25,000
Management cost (p.a.)*	0.47%

* 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	-1.9	-5.6	-5.7	8.0	6.1	7.7	9.7	11.0
Benchmark return	-3.1	-4.2	-13.5	7.4	7.2	8.7	10.6	11.6
Excess net return	1.2	-1.3	7.7	0.6	-1.1	-1.0	-0.9	-0.6
Income return	0.0	0.0	21.2	12.9	11.4	10.5	8.8	8.6
Growth return	-1.9	-5.6	-27.0	-4.9	-5.4	-2.8	0.8	2.4

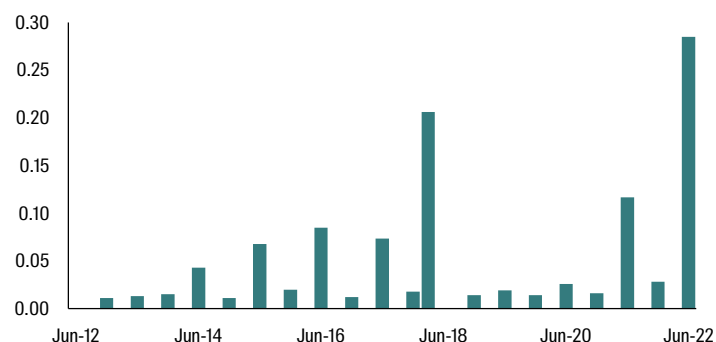
Note: Net return is the return after management fee

Risk Characteristics

Period	1yr	3yr	5yr	7yr	10yr	SI
Fund standard deviation (%)	12.3	18.2	16.3	14.8	13.4	14.7
Benchmark standard deviation (%)	15.5	17.0	15.4	13.9	12.6	13.5
Tracking error (%)	7.1	7.1	5.8	5.2	4.5	4.3
Fund Sharpe ratio	-0.5	0.4	0.3	0.4	0.6	0.6
Information ratio	1.1	0.1	-0.2	-0.2	-0.2	-0.1
Beta	0.7	1.0	1.0	1.0	1.0	1.0
Cashflow adjusted turnover (%)	50.5	33.4	28.0	27.9	24.9	

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Distributions



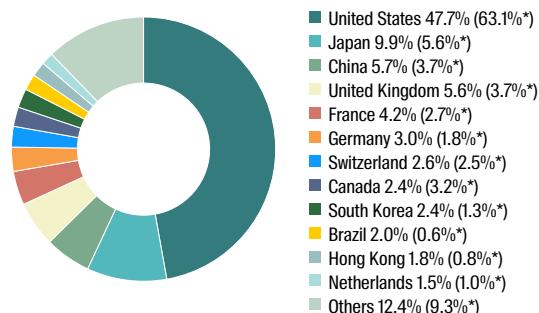
Top 10 Holdings

Stock	Fund Weight	Benchmark Weight	Active Weight
Apple Inc.	2.06	4.58	-2.52
Facebook, Inc. Class A	1.09	0.67	0.42
Exxon Mobil Corporation	1.09	0.72	0.37
Microsoft Corporation	1.06	3.32	-2.26
Roche Holding Ltd Genusssch.	0.99	0.41	0.58
Wells Fargo & Company	0.82	0.30	0.52
SHELL PLC ORD EURO.07	0.82	0.00	0.82
Petroleo Brasileiro SA Pfd	0.76	0.05	0.71
Walmart Inc	0.75	0.36	0.39
Novo Nordisk A/S Class B	0.75	0.32	0.42

Sector Breakdown (%)

Sector	Fund Weight	Benchmark Weight	Active Weight
Financials	22.18	13.97	8.21
Information Technology	11.65	21.84	-10.19
Consumer Discretionary	11.07	11.71	-0.64
Health Care	10.87	12.19	-1.32
Industrials	9.83	9.67	0.15
Consumer Staples	8.29	7.53	0.77
Energy	7.58	5.21	2.36
Communication Services	7.44	7.67	-0.23
Materials	4.36	4.29	0.07
Utilities	3.43	3.23	0.20
Real Estate	2.54	2.68	-0.14

Country Breakdown



*Benchmark weight

The Realindex Global Share Hedged Fund returned -1.87% (net of fees) during August, outperforming the MSCI All Countries World ex Australia Net Index Hedged which returned -3.06% (in AUD). The AUD fell 1.8% against the USD over the month.

Value stocks outperformed Growth stocks by 1.9% over the month (MSCI AC World ex AU Value -1.1% vs. Growth -3.0%, in AUD). Over the past year, Value has outperformed Growth by 15.6% (AUD), while on a five year basis Growth has outperformed Value by 5.4% p.a. (AUD), providing a significant longer-term performance headwind.

Hawkish central bank behaviour and ongoing poor sentiment around China's growth prospects dominated equity markets in August. Rising inflation, and concerns over hawkish monetary policy from both the Federal Reserve System and European Central Bank, pushed both equity markets lower. Softening demand for oil but a looming energy crisis, particularly in Europe, resulted in volatile commodities in August, as oil prices fell but coal and gas prices soared.

Global equity markets sold off, especially within Developed Markets, with the MSCI World index falling almost -2.5% in AUD terms. Most sectors underperformed in Developed Markets, with MSCI World Health Care (-4.3%), and MSCI World IT (-4.3%) leading the losses. However, Energy stocks were favoured in this environment, with MSCI World Energy posting +3.6% for the month. Emerging Markets posted positive performance, delivering 2.2% for the month in AUD terms. Energy was the strongest sector, delivering 8.3% for the month, followed by Utilities (+5.5%). Whereas, Health Care and IT sectors posted losses for the month (-1.0% and -1.3% respectively).

Regionally, the largest contributor was the underweight to North America and the largest detractor was the overweight to the UK. 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 overweight to Petroleo Brasileiro SA and the largest stock level detractor was the overweight to GSK plc.

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 2022, the portfolio reflected a 61.7% dividend yield premium to the MSCI ACWI ex AU index, whilst trading at a 33.0% price to book discount, a 37.6% price to cashflow discount and 42.5% 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 31 August 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: 31 August 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. 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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