

Realindex Global Share Hedged Fund-Class A

Monthly Factsheet

31 August 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, 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\$)	1,421 million
Benchmark	MSCI ACWI ex Australia Net AUD Hedged (Daily)
Number of stock holdings	1,419
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 (%)

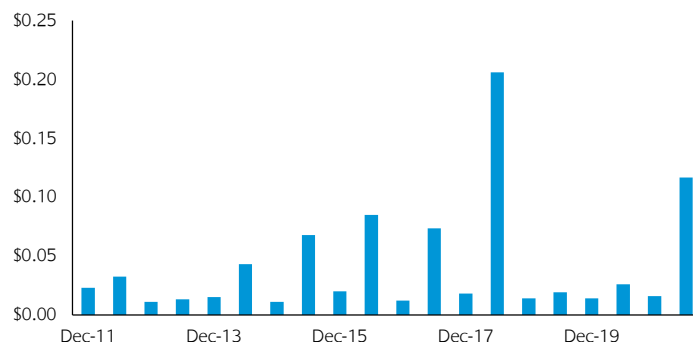
Period	1mth	3mth	1yr	3yr	5yr	7yr	10yr	SI
Net return	2.4	1.6	37.9	8.8	11.1	8.4	11.3	12.4
Benchmark return	2.6	5.6	27.6	13.0	13.9	11.3	13.5	13.9
Excess net return	-0.2	-4.0	10.3	-4.2	-2.8	-2.9	-2.2	-1.4
Income return	0.0	7.7	12.1	5.4	8.1	7.7	6.9	7.3
Growth return	2.4	-6.1	25.8	3.4	3.1	0.7	4.4	5.2

Note: Net return is the return after management fee

Sector Breakdown (%)

Sector	Fund weight	Benchmark weight	Active weight
Financials	22.32	13.73	8.60
Information Technology	12.54	22.97	-10.43
Consumer Discretionary	12.34	12.25	0.09
Industrials	9.62	9.88	-0.26
Health Care	8.45	11.85	-3.39
Communication Services	8.26	9.56	-1.30
Consumer Staples	7.03	6.78	0.25
Materials	6.56	4.62	1.95
Energy	5.68	3.09	2.59
Utilities	3.42	2.73	0.69
Real Estate	2.34	2.55	-0.21
Others	0.00	0.00	0.00

Distributions



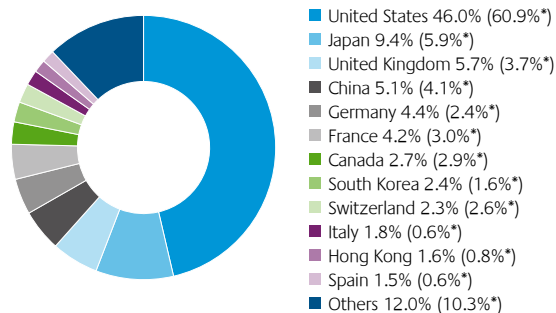
Top 10 Holdings

Stock	Fund Weight	Benchmark Weight	Active Weight
Apple Inc.	1.84	3.79	-1.95
Microsoft Corporation	1.12	3.22	-2.10
JPMorgan Chase & Co.	0.92	0.73	0.20
Samsung Electronics Co., Ltd.	0.81	0.47	0.34
Bank of America Corporation	0.77	0.48	0.28
Volkswagen AG	0.73	0.02	0.71
Berkshire Hathaway Inc. Class B	0.72	0.58	0.13
Walmart Inc	0.70	0.34	0.36
Toyota Motor Corp.	0.70	0.28	0.42
Wells Fargo & Company	0.64	0.28	0.36

Risk Characteristics

Period	1yr	3yr	5yr	7yr	10yr	SI
Fund standard deviation (%)	16.0	19.0	15.3	14.6	13.7	14.8
Benchmark standard deviation (%)	11.9	16.7	13.5	12.9	12.3	13.2
Tracking error (%)	6.7	5.8	4.9	4.4	3.9	3.9
Fund Sharpe ratio	2.4	0.5	0.6	0.5	0.7	0.6
Information ratio	1.5	-0.7	-0.6	-0.7	-0.6	-0.4
Beta	1.2	1.1	1.1	1.1	1.1	1.1
Cashflow adjusted turnover (%)	30.5	22.5	22.8	22.8	21.9	

Country Breakdown



*Benchmark weight

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The Realindex Global Share Hedged Fund returned +2.39% (net of fees) during August, versus the MSCI All Countries World ex Australia Net Index Hedged which returned +2.62% (in AUD). The AUD fell 0.6% against the USD over the month.

Value stocks underperformed Growth stocks by 1.4% over the month (MSCI AC World ex AU Value +2.4% vs. Growth +3.8%, in AUD). Over the past year, Value has outperformed Growth by 4.7% (AUD), however, on a five year basis Growth has outperformed Value by 10.3% p.a. (AUD), providing a significant longer-term performance headwind.

Global equity markets were up in August, posting 3.1% in AUD terms as measured by the MSCI ACWI, buoyed by evidence of a global economic recovery in various developed markets, particularly in Europe and the US. The US Federal Reserve made reassuring comments that an interest rate hike would not be imminent even if the central bank began to taper their asset purchase program this year. Central banks around the globe echoed this sentiment and pushed markets higher, despite the pressures of renewed lockdowns resulting from the delta strain. Concerns over the impact of Chinese regulatory based crackdowns also abated which pushed various sectors including global luxury stocks higher. Emerging markets overall had a positive month. Oil prices weakened on the back of increased inventories and weaker consumer demand stemming from the spread of the delta variant, while gold prices fell on the back of dovish comments made by the Fed to keep rates low.

In developed equity markets, stocks ended up higher overall during the month, with the MSCI World Index posting +3.1% in AUD terms and positive returns observed across most countries in developed markets with the notable exception of Hong Kong. All developed market sectors with the exception of Energy were positive for the month as oil demand and oil prices were markedly weaker. Emerging markets ended higher despite being weighed down by weakness in Emerging Asia's largest markets, Korea (-1.0%) and China (+0.6%). Utilities (+9.8%), Financials (7.0%) and Energy (7.0%) led the emerging sectors, while Materials (-0.1%), Health Care (-0.3%) and Consumer Discretionary (-1.2%) sectors were down.

Regionally, the largest contributor was the overweight to Emerging Markets and the largest detractor was the overweight to Japan. From a sector perspective, the largest contributor was the overweight to Financials and the largest detractor was the underweight to Information Technology. The largest stock level contributor was the underweight to Alibaba Group Holding Ltd. and the largest stock level detractor was the underweight to NVIDIA Corporation

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 2021 the portfolio reflected a 62.0% dividend yield premium to the MSCI ACWI ex AU index, whilst trading at a 43.2% price to book discount, a 44.6% price to cashflow discount and 50.6% 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 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: 31 August 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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