Realindex Global Share Hedged Fund-Class A

Monthly Factsheet

31 October 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$)	1,432 million
Benchmark	MSCI ACWI ex Australia Net AUD Hedged (Daily)
Number of stock holdings	1,416
Buy / Sell spread	0.10% / 0.10%
Minimum investment (A$)	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 (%)

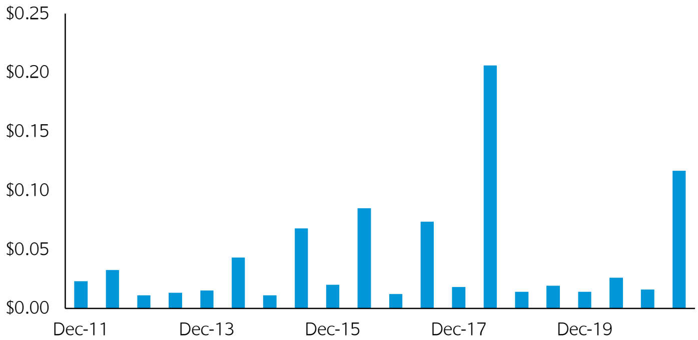
Period	1mth	3mth	1yr	3yr	5yr	7yr	10yr	SI
Net return	3.0	3.4	46.8	11.0	10.9	8.7	11.2	12.4
Benchmark return	4.9	3.7	36.2	15.9	14.2	11.5	13.4	13.8
Excess net return	-1.8	-0.2	10.6	-4.9	-3.2	-2.7	-2.2	-1.4
Income return	0.0	0.0	12.9	5.5	8.1	7.8	6.9	7.2
Growth return	3.0	3.4	33.9	5.5	2.9	1.0	4.3	5.2

Note: Net return is the return after management fee

Sector Breakdown (%)

Sector	Fund weight	Benchmark weight	Active weight
Financials	22.81	14.04	8.77
Consumer Discretionary	12.63	12.85	-0.22
Information Technology	12.31	23.02	-10.71
Industrials	9.24	9.69	-0.45
Health Care	8.41	11.55	-3.14
Communication Services	7.81	9.05	-1.24
Consumer Staples	7.10	6.66	0.44
Energy	6.41	3.56	2.85
Materials	6.02	4.39	1.63
Utilities	3.27	2.64	0.64
Real Estate	2.09	2.55	-0.46

Distributions



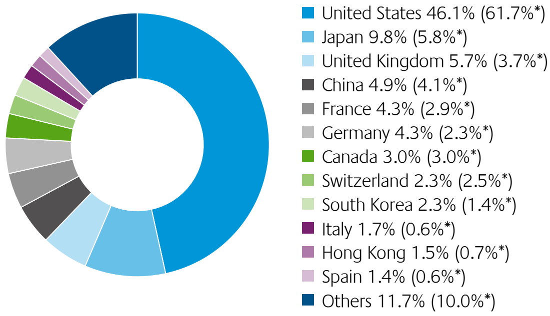
Top 10 Holdings

Stock	Fund Weight	Benchmark Weight	Active Weight
Apple Inc.	1.82	3.68	-1.86
Microsoft Corporation	1.22	3.50	-2.28
JPMorgan Chase & Co.	0.96	0.76	0.20
Bank of America Corporation	0.85	0.54	0.31
Walmart Inc	0.75	0.34	0.41
Berkshire Hathaway Inc. Class B	0.75	0.56	0.19
Samsung Electronics Co., Ltd.	0.75	0.42	0.33
Toyota Motor Corp.	0.71	0.27	0.43
Volkswagen AG	0.67	0.02	0.65
Exxon Mobil Corporation	0.66	0.40	0.26

Risk Characteristics

Period	1yr	3yr	5yr	7yr	10yr	SI
Fund standard deviation (%)	14.7	18.7	15.4	14.6	13.4	14.7
Benchmark standard deviation (%)	11.5	16.4	13.7	13.1	12.0	13.2
Tracking error (%)	7.2	5.9	4.9	4.5	4.0	3.9
Fund Sharpe ratio	3.2	0.6	0.6	0.5	0.7	0.6
Information ratio	1.5	-0.8	-0.7	-0.6	-0.6	-0.4
Beta	1.1	1.1	1.1	1.1	1.1	1.1
Cashflow adjusted turnover (%)	30.4	23.1	23.0	23.0	22.5	

Country Breakdown



*Benchmark weight

The Realindex Global Share Hedged Fund returned +3.02% (net of fees) during October, versus the MSCI All Countries World ex Australia Net Index Hedged which returned +4.85% (in AUD). The AUD rose 4.0% against the USD over the month.

Value stocks underperformed Growth stocks by 2.0% over the month (MSCI AC World ex AU Value +0.1% vs. Growth +2.1%, in AUD). Over the past year, Value has outperformed Growth by 4.6% (AUD), while on a five year basis Growth has outperformed Value by 10.6% p.a. (AUD), providing a significant longer-term performance headwind.

The month was characterised by renewed stagflation fears as persistent inflation prints and the possibility that earlier than anticipated central bank policy tightening will stall already sluggish global economic growth. Short term yields rose sharply across multiple regions, including Australia where the yield on the 3-year government note rose over 90 basis points, and the US where 2-year Treasury yields rose 22 basis points. The result was a flattening of yield curves as investors brought forward their expectations of interest rate hikes. Inflation and supply chain disruptions remain an issue, as does oil and energy prices more generally. Both WTI and Brent Crude moved higher in the month gaining more than 11% and 7% respectively. While the bond market's volatility provided some resistance, several equity markets continued their rally. Overall, US equities performed strongly for the month boosted by continued strength in corporate earnings and forward-looking earnings growth remains positive; and while Europe also performed well, Asian markets struggled. Although the debt crisis associated with China's Evergrande Group seems to have been averted thus far, investors in China remain nervous over credit worthiness and the government's ongoing crackdown on various sectors.

Despite the equity rally, Value stocks faltered as economic growth fears weighed on investors who sought refuge in growth like sectors such as Technology and Consumer Discretionary, while Energy also continued to perform strongly. In developed markets, stocks ended up marginally positive for the month (MSCI World +1.6%). Consumer Discretionary (+4.0%), Energy (+3.9%) and Technology (+3.4%) led the market, while the rest posted smaller or marginally negative returns for the month. Emerging markets ended lower for the month (-2.9%) driven by losses across most regions; the losses were led by Health Care (-10.7%), Real Estate (-7.5%) and Utilities (-6.8%) though most sectors with the exception of Consumer Discretionary (+2.9%) were down.

Regionally, the largest contributor was the overweight to Developed Asia and the largest detractor was the underweight to North America. From a sector perspective, the largest contributor was the underweight to Health Care and the largest detractor was the underweight to Information Technology. The largest stock level contributor was the underweight to Meta Platforms, Inc. and the largest stock level detractor was the underweight to Tesla, 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 October 2021 the portfolio reflected a 68.9% dividend yield premium to the MSCI ACWI ex AU index, whilst trading at a 41.0% price to book discount, a 43.3% price to cashflow discount and 50.9% 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 October 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 October 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.

www.realindex.com.au

For further information

Head of Business Development Australia and New Zealand
Harry Moore +61 3 8669 5640

Head of Investment Sales and Key Accounts
Chris King +61 2 9010 5249

Key Account Manager - NSW
Angela Vincent +61 2 9010 5230

Paul Sleiman +61 2 9010 5393

Key Account Manager - VIC/TAS
Nicholas Everitt +61 3 8669 5642

Business Development Manager - VIC/TAS
Jack Heinz +61 3 8669 5645

Key Account Manager - QLD
Quin Smith +61 4 5509 5505

Key Account Manager - WA/SA/NT
Nathan Robinson +61 4 0327 2440