

# Realindex Global Share Hedged Fund-Class A

## Monthly Factsheet

30 November 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\$)	1,378 million
Benchmark	MSCI ACWI ex Australia Net AUD Hedged (Daily)
Number of stock holdings	1,423
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 (%)

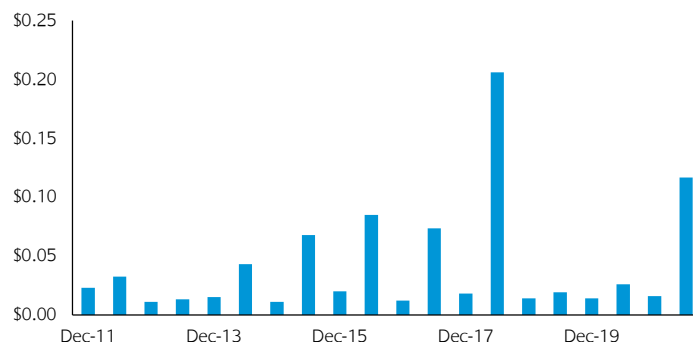
Period	1mth	3mth	1yr	3yr	5yr	7yr	10yr	SI
Net return	-2.8	-1.8	23.9	9.7	9.6	7.9	11.2	12.0
Benchmark return	-1.8	-0.8	20.4	14.7	13.3	10.7	13.4	13.5
Excess net return	-1.0	-1.0	3.5	-5.0	-3.7	-2.8	-2.2	-1.5
Income return	0.0	0.0	10.9	5.4	8.0	7.7	6.9	7.1
Growth return	-2.8	-1.8	13.1	4.2	1.6	0.2	4.2	4.9

Note: Net return is the return after management fee

### Sector Breakdown (%)

Sector	Fund weight	Benchmark weight	Active weight
Financials	22.85	13.53	9.32
Information Technology	13.50	24.16	-10.66
Consumer Discretionary	13.11	12.95	0.16
Industrials	9.48	9.54	-0.07
Health Care	8.71	11.40	-2.69
Communication Services	8.08	8.85	-0.77
Consumer Staples	7.32	6.64	0.69
Energy	6.34	3.38	2.97
Materials	6.09	4.37	1.73
Utilities	3.45	2.64	0.81
Real Estate	2.13	2.55	-0.42

### Distributions



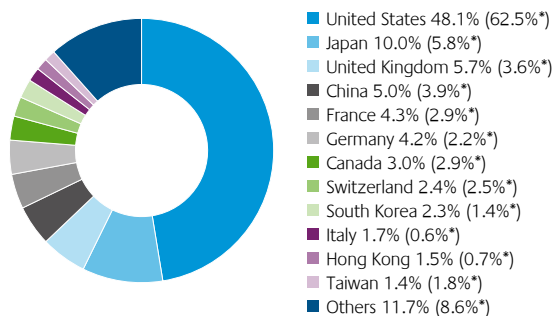
### Top 10 Holdings

Stock	Fund Weight	Benchmark Weight	Active Weight
Apple Inc.	2.14	4.16	-2.02
Microsoft Corporation	1.30	3.57	-2.27
JPMorgan Chase & Co.	0.96	0.73	0.23
Bank of America Corporation	0.85	0.52	0.33
Samsung Electronics Co., Ltd.	0.80	0.43	0.37
Berkshire Hathaway Inc. Class B	0.77	0.55	0.21
Toyota Motor Corp.	0.76	0.28	0.47
Walmart Inc	0.75	0.33	0.43
Pfizer Inc.	0.69	0.45	0.24
Amazon.com, Inc.	0.66	2.40	-1.74

### Risk Characteristics

Period	1yr	3yr	5yr	7yr	10yr	SI
Fund standard deviation (%)	9.3	18.8	15.5	14.7	13.4	14.7
Benchmark standard deviation (%)	8.3	16.5	13.8	13.1	12.0	13.2
Tracking error (%)	6.3	5.9	4.9	4.5	4.0	3.9
Fund Sharpe ratio	2.6	0.6	0.5	0.4	0.7	0.6
Information ratio	0.6	-0.8	-0.8	-0.6	-0.6	-0.4
Beta	0.8	1.1	1.1	1.1	1.1	1.1
Cashflow adjusted turnover (%)	29.4	23.0	23.0	23.0	22.6	

### Country Breakdown



\*Benchmark weight

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The Realindex Global Share Hedged Fund returned -2.76% (net of fees) during November, versus the MSCI All Countries World ex Australia Net Index Hedged which returned -1.81% (in AUD). The AUD fell 5.6% against the USD over the month.

Value stocks underperformed Growth stocks by 2.9% over the month (MSCI AC World ex AU Value +2.0% vs. Growth +4.8%, in AUD). Over the past year, Value has outperformed Growth by 3.7% (AUD), while on a five year basis Growth has outperformed Value by 11.9% 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 of a slowdown in global GDP growth following the discovery of the Omicron coronavirus variant weighed on markets. These concerns triggered a sell-off in equities late November with the S&P500 falling 2.3% on the 26th November – its largest decline on more than a year. Other risk assets such as oil heavily sold off, with Crude Oil prices falling more than 20% in November. Global long dated treasuries rallied as yields also fell while VIX levels rose markedly from 10 to over 28. The Australian dollar also sold off heavily, falling by more than 5% for the month against the US dollar.

The impact on Value was swift as investors sold off Value names in search of growth oriented defensive names including Technology and Consumer Discretionary, while Energy and Financials performed poorly. In developed markets, stocks ended up marginally positive for the month in AUD terms (MSCI World +3.6%) due to the AUD sell-off. Technology (+8.7%) and Consumer Discretionary (+5.7%) led the market, while Energy (-1.4%) and Financials (-0.9%) were the largest laggards. Emerging markets ended lower for the month in local currency terms across most regions and sectors, but were positive in AUD terms for the month (+1.6%). IT (+7.3) led the market while Energy and Consumer Discretionary sectors were down in AUD terms (-1.9% and -4.7% respectively).

Regionally, the largest contributor was the overweight to UK and the largest detractor was the underweight to North America. From a sector perspective, the largest contributor was the underweight to Communication Services 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 November 2021 the portfolio reflected a 71.2% dividend yield premium to the MSCI ACWI ex AU index, whilst trading at a 42.2% price to book discount, a 42.9% price to cashflow discount and 50.2% 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 30 November 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: 30 November 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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