

Realindex Global Share Hedged Fund- Class A

Quarterly Factsheet

31 March 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\$)	1,443 million
Benchmark	MSCI ACWI ex Australia Net AUD Hedged (Daily)
Number of stock holdings	1,412
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	3mth	1yr	3yr	5yr	7yr	10yr	SI
Net return	-1.1	8.9	10.3	8.7	7.9	10.3	12.1
Benchmark return	-5.2	7.7	12.7	11.0	9.8	11.8	13.0
Excess net return	4.1	1.1	-2.4	-2.3	-1.8	-1.5	-0.9
Income return	0.0	10.2	5.7	8.1	7.9	6.8	7.1
Growth return	-1.1	-1.3	4.6	0.6	0.1	3.4	5.0

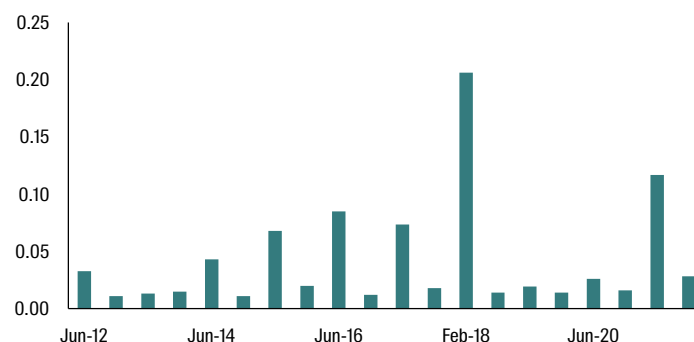
Note: Net return is the return after management fee

Risk Characteristics

Period	1yr	3yr	5yr	7yr	10yr	SI
Fund standard deviation (%)	8.4	18.1	15.6	14.7	13.4	14.6
Benchmark standard deviation (%)	10.4	15.9	14.1	13.3	12.1	13.2
Tracking error (%)	6.8	6.6	5.4	4.9	4.3	4.1
Fund Sharpe ratio	1.1	0.6	0.5	0.5	0.6	0.6
Information ratio	0.2	-0.4	-0.4	-0.4	-0.4	-0.2
Beta	0.6	1.1	1.0	1.0	1.0	1.1
Cashflow adjusted turnover (%)	27.2	24.3	23.0	24.2	23.4	

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Distributions



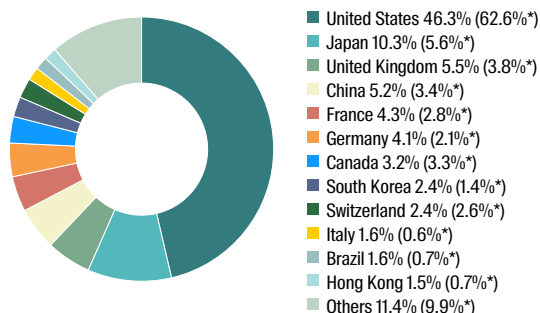
Top 10 Holdings

Stock	Fund Weight	Benchmark Weight	Active Weight
Apple Inc.	1.97	4.42	-2.44
Microsoft Corporation	1.07	3.39	-2.31
Berkshire Hathaway Inc. Class B	0.90	0.71	0.19
Exxon Mobil Corporation	0.82	0.54	0.28
JPMorgan Chase & Co.	0.80	0.62	0.18
Walmart Inc	0.80	0.35	0.44
SHELL PLC ORD EURO.07	0.77	0.00	0.77
Samsung Electronics Co., Ltd.	0.74	0.42	0.32
Toyota Motor Corp.	0.72	0.30	0.42
Bank of America Corporation	0.69	0.47	0.23

Sector Breakdown (%)

Sector	Fund Weight	Benchmark Weight	Active Weight
Financials	23.42	14.21	9.21
Information Technology	11.96	22.78	-10.82
Consumer Discretionary	11.18	11.79	-0.60
Health Care	9.22	11.90	-2.68
Industrials	8.92	9.63	-0.71
Consumer Staples	7.66	6.93	0.72
Communication Services	7.57	8.26	-0.68
Energy	7.35	4.34	3.01
Materials	5.50	4.61	0.89
Utilities	3.51	2.90	0.61
Real Estate	2.07	2.65	-0.58

Country Breakdown



*Benchmark weight

The Realindex Global Share Hedged Fund returned -1.14% (net of fees) during the March quarter, outperforming the MSCI All Countries World ex Australia Net Index Hedged which returned -5.25% (in AUD). The AUD rose 3.3% against the USD over the quarter.

Value stocks outperformed Growth stocks by 8.3% over the quarter (MSCI AC World ex AU Value -4.4% vs. Growth -12.7%, in AUD). Over the past year, Value has outperformed Growth by 3.3% (AUD), while on a five year basis Growth has outperformed Value by 8.1% p.a. (AUD), providing a significant longer-term performance headwind.

The first quarter of 2022 saw market and geopolitical turbulence spurred by the Russian invasion of Ukraine on the 24th of February. This created additional and unexpected supply-side dislocations that has played out in the commodities space, especially in Agriculture and Energy. Whilst Energy stocks were a key mover for this quarter, we note a dichotomy between developed and emerging markets. Developed market energy stocks performed well, whilst emerging market energy stocks weighed down by the Russian sell-off performed particularly poorly.

As fears of an economic downturn continue to give way to managing the risks of a spike in energy, food and commodity prices more broadly, the cyclically oriented Value sectors outperformed defensive Growth oriented sectors. From a style perspective, Value and low risk stocks as highlighted by their historic price volatility were again heavily favoured by investors, while growth related names were the main underperformers.

In developed markets, most regions underperformed (MSCI World: -8.2% in AUD terms). Energy and Materials were the two sectors that outperformed all others (MSCI World Energy: +26.5% in AUD terms, MSCI World Materials -0.6% in AUD terms) aided by the renewed surge in commodity prices. Consumer Discretionary (-13.5% in AUD terms) was the largest underperformer. Over the quarter, Value outperformed Growth and the broader market cap index (MSCI World Value at -3.8%, Growth at -12.5% and aggregate at -8.2% in AUD terms). This was largely driven by Energy stocks. Rising interest rates have dampened return expectations of equities with longer dated cash flows, and as such have affected Growth names.

In emerging markets, Russia was delisted from the MSCI EM index in March. As a result, the energy rich Russian market pushed the Energy sector down (MSCI EM Energy: -23.2% in AUD terms). Consumer Discretionary and IT sectors also significantly underperformed (-19.1% and -14.1% in AUD terms respectively). The bulk of this was driven by the Chinese market sell-off over concerns of further US sanctions.

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 underweight to North America and the largest detractor was the overweight to Developed Asia. The largest stock level contributor was the underweight to Meta Platforms, Inc. and the largest stock level detractor was the overweight to Public Joint Stock Company MMC Norilsk Nickel.

Driven by the methodology of rebalancing further into cheap Value companies, the portfolio continues to sit on deep valuation discounts. At the end of March 2022 the portfolio reflected a 66.0% dividend yield premium to the MSCI ACWI ex AU index, whilst trading at a 41.3% price to book discount, a 41.2% price to cashflow discount and 48.6% 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 quarter ending 31 March 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 March 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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