

Realindex Global Share Hedged Fund- Class A



Quarterly Factsheet

30 June 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\$)	314 million
Benchmark	MSCI ACWI ex Australia Net AUD Hedged (Daily)
Number of stock holdings	1,159
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	-9.7	-6.1	6.0	6.2	6.3	9.7	11.0
Benchmark return	-14.4	-13.8	5.9	6.9	7.4	10.5	11.5
Excess net return	4.6	7.7	0.0	-0.7	-1.1	-0.8	-0.5
Income return	19.0	21.1	12.6	11.4	10.4	8.8	8.7
Growth return	-28.7	-27.3	-6.7	-5.2	-4.1	0.9	2.3

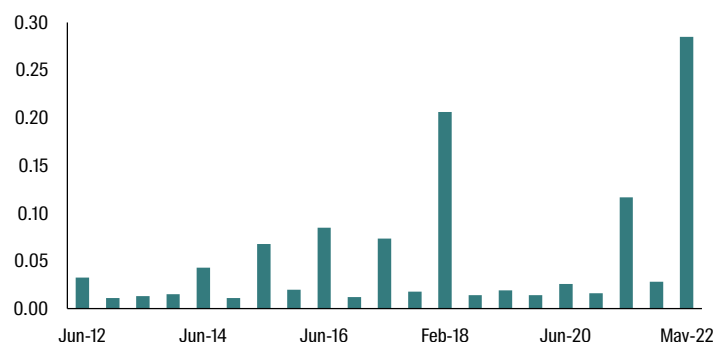
Note: Net return is the return after management fee

Risk Characteristics

Period	1yr	3yr	5yr	7yr	10yr	SI
Fund standard deviation (%)	11.7	18.2	16.2	15.0	13.4	14.7
Benchmark standard deviation (%)	13.7	16.5	15.0	13.9	12.4	13.4
Tracking error (%)	6.5	7.0	5.7	5.1	4.4	4.2
Fund Sharpe ratio	-0.5	0.3	0.3	0.3	0.6	0.6
Information ratio	1.2	0.0	-0.1	-0.2	-0.2	-0.1
Beta	0.8	1.0	1.0	1.0	1.0	1.1
Cashflow adjusted turnover (%)	44.7	31.1	26.9	27.1	24.4	

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Distributions



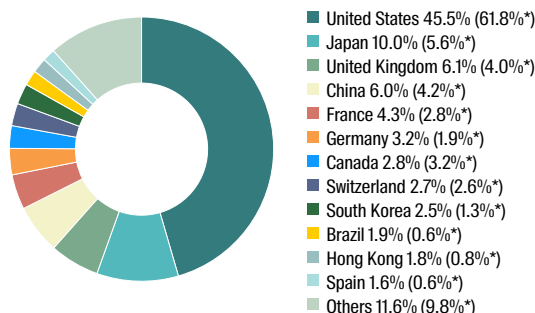
Top 10 Holdings

Stock	Fund Weight	Benchmark Weight	Active Weight
Apple Inc.	1.85	4.09	-2.24
Facebook, Inc. Class A	1.13	0.68	0.45
Microsoft Corporation	1.04	3.35	-2.31
Exxon Mobil Corporation	0.98	0.66	0.32
Roche Holding Ltd Genusssch.	0.95	0.43	0.52
SHELL PLC ORD EURO.07	0.83	0.00	0.83
JPMorgan Chase & Co.	0.77	0.61	0.16
Walmart Inc	0.74	0.34	0.40
Wells Fargo & Company	0.74	0.27	0.47
Johnson & Johnson	0.70	0.86	-0.16

Sector Breakdown (%)

Sector	Fund Weight	Benchmark Weight	Active Weight
Financials	22.53	14.11	8.42
Information Technology	11.82	21.23	-9.41
Health Care	11.06	12.99	-1.93
Consumer Discretionary	10.23	11.17	-0.95
Industrials	9.26	9.49	-0.23
Consumer Staples	8.04	7.65	0.39
Communication Services	7.98	8.05	-0.07
Energy	7.06	4.96	2.10
Materials	5.07	4.40	0.66
Utilities	3.51	3.21	0.30
Real Estate	2.46	2.75	-0.29

Country Breakdown



*Benchmark weight

The Realindex Global Share Hedged Fund returned -9.73% (net of fees) during the June quarter, outperforming the MSCI All Countries World ex Australia Net Index Hedged which returned -14.38% (in AUD). The AUD fell 8.4% against the USD over the quarter.

Value stocks outperformed Growth stocks by 9.7% over the quarter (MSCI AC World ex AU Value -3.2% vs. Growth -12.9%, in AUD). Over the past year, Value has outperformed Growth by 16.9% (AUD), while on a five year basis Growth has outperformed Value by 5.0% p.a. (AUD), providing a significant longer-term performance headwind.

Global equities resumed their protracted slide in the June quarter, with most markets significantly down in June, amid resurgent worries over the pace of global central bank tightening and concerns that elevated inflation will erode consumer confidence and lead to a global economic slowdown. By the end of June, the decline left the S&P 500 20% lower year-to-date, resulting in the worst first-half since 1970. The MSCI All Country World index also fell 2.2% in USD terms in the final week of June, leaving it down 20.9% for the first half of 2022.

Overall economic concerns weighed heavily on developed markets with the MSCI World contracting 8.5% for the quarter in AUD terms and almost 16% down for the first half of 2022. During the quarter, Consumer Discretionary and Technology sectors led the declines with -16.8% and -14.6% respectively. Energy (3.6%) and defensive sectors (Staples and Utilities) posted positive returns for the quarter. This however masked the movements observed in June, where the market was down almost 5%, led by a collapse in Energy (-11.4%) and Materials (-11.9%) sectors as growth fears led to a sharp sell-off in line with energy prices retracing the gains made in the first half of the year.

A stronger US dollar coinciding with the Federal Reserve initiating a wave of quantitative tightening and the uncertainty around China's zero-COVID policy weighed heavily on emerging markets. Lockdown disruptions in China have led to a deeper-than-expected economic contraction, with industrial output and consumer activity reaching their lowest levels since the pandemic. Despite emerging markets equities (MSCI EM Index) outperforming developed markets (MSCI World Index) in the June quarter, finishing down approximately 3.3% in AUD terms compared to -8.5%, this marked a nearly 13% decline for the first half of 2022 for EM. From a sector perspective, Information Technology (-13.5%) and Materials (-13.2%) led EM markets lower, while Latin America (-14.7%) along with Korea (-13.6%) and Taiwan (-12.4%) negatively impacted EM equity returns from a country perspective. The Chinese equity market however recovered during the quarter from its mid-March lows buoyed by positive earning upgrades and the indication of government willingness to boost GDP with greater infrastructure. The MSCI China Index increased approximately 13% for the quarter, with most of that coming from strong performance in June.

Regionally, the largest contributor was the underweight to North America and the largest detractor was the overweight to Emerging Markets. From a sector perspective, the largest contributor was the underweight to Information Technology and the largest detractor was the overweight to Consumer Staples. The largest stock level contributor was the underweight to Amazon.com, Inc. and the largest stock level detractor was the underweight to Meituan.

Driven by the methodology of rebalancing further into cheap Value companies, the portfolio continues to sit on deep valuation discounts. At the end of June 2022 the portfolio reflected a 61.4% dividend yield premium to the MSCI ACWI ex AU index, whilst trading at a 35.5% price to book discount, a 40.5% price to cash flow discount and 47.3% 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 30 June 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: 30 June 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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