

Realindex Global Share Hedged Fund-Class A

Quarterly Factsheet

31 December 2020

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\$)	1,306 million
Benchmark	MSCI ACWI ex Australia Net AUD Hedged (Daily)
Number of stock holdings	1,392
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 (%)

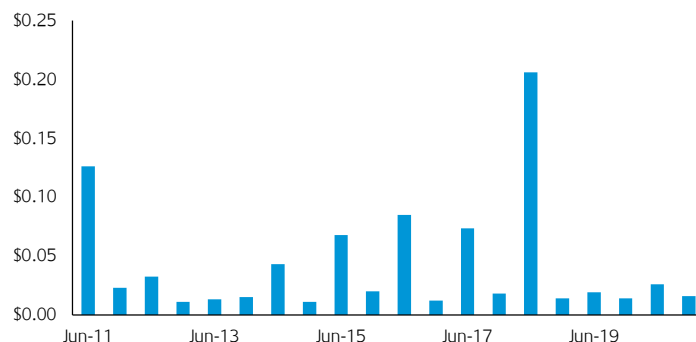
Period	3mth	1yr	3yr	5yr	7yr	10yr	SI
Net return	17.2	-0.9	2.7	8.1	6.7	8.4	11.4
Benchmark return	12.2	11.2	9.0	11.5	10.2	11.2	13.2
Excess net return	5.0	-12.2	-6.3	-3.4	-3.5	-2.8	-1.8
Income return	1.5	3.5	7.4	7.7	6.9	7.1	6.9
Growth return	15.7	-4.5	-4.7	0.4	-0.2	1.3	4.5

Note: Net return is the return after management fee

Sector Breakdown (%)

Sector	Fund weight	Benchmark weight	Active weight
Financials	20.71	13.09	7.61
Consumer Discretionary	12.62	13.13	-0.51
Information Technology	11.96	22.21	-10.25
Industrials	10.08	9.76	0.32
Communication Services	7.54	9.40	-1.85
Health Care	7.51	11.87	-4.36
Consumer Staples	6.63	7.41	-0.78
Materials	6.38	4.63	1.75
Energy	5.63	3.00	2.62
Utilities	3.86	3.01	0.84
Real Estate	2.46	2.48	-0.03

Distributions



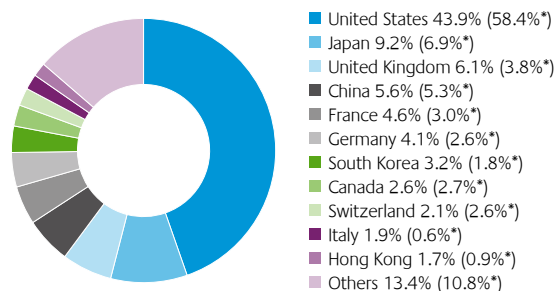
Top 10 Holdings

Stock	Fund Weight	Benchmark Weight	Active Weight
Apple Inc.	1.86	3.90	-2.04
Samsung Electronics Co., Ltd.	1.13	0.61	0.51
JPMorgan Chase & Co.	0.83	0.67	0.17
Microsoft Corporation	0.81	2.75	-1.94
Walmart Inc	0.73	0.35	0.38
Toyota Motor Corp.	0.66	0.28	0.38
Bank of America Corporation	0.66	0.41	0.25
Berkshire Hathaway Inc. Class B	0.64	0.56	0.09
AT&T Inc.	0.59	0.35	0.24
Volkswagen AG	0.57	0.01	0.56

Risk Characteristics

Period	1yr	3yr	5yr	7yr	10yr	SI
Fund standard deviation (%)	27.2	19.0	15.6	14.4	13.9	15.0
Benchmark standard deviation (%)	23.4	17.0	13.9	13.0	12.6	13.5
Tracking error (%)	6.9	4.9	4.3	3.9	3.5	3.6
Fund Sharpe ratio	0.0	0.2	0.4	0.3	0.4	0.5
Information ratio	-1.8	-1.3	-0.8	-0.9	-0.8	-0.5
Beta	1.1	1.1	1.1	1.1	1.1	1.1
Cashflow adjusted turnover (%)	23.2	21.0	23.6	22.4	23.7	

Country Breakdown



*Benchmark weight

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The Realindex Global Share Hedged Fund returned +17.16% (net of fees) during the December quarter, outperforming the MSCI All Countries World ex Australia Net Index Hedged which returned +12.21% (in AUD). The AUD rose 7.7% against the USD over the quarter.

Value stocks outperformed Growth stocks by 3.0% over the quarter (MSCI AC World ex AU Value +8.0% vs. Growth +5.0%, in AUD). Over the past year, the magnitude of the Value headwind has been considerable, with Value versus Growth underperforming by 31.6% (AUD), and on a five year basis by 9.5% p.a. (AUD), providing a significant longer-term performance headwind.

The December quarter was characterised by strong rallies across global markets within the MSCI ACWI universe in light of improving prospects of a Covid vaccine and investor confidence following the Biden US Election victor. Fears over lockdowns in Europe and of a no deal Brexit lingered throughout the quarter; however renewed optimism in markets with the advancement of vaccine distributions, the approval of a US economic stimulus package and a Brexit deal helped propel markets forward. The S&P 500 ended higher, gaining 4.2% in AUD terms and 12.0% in local currency terms for the quarter. Gold stabilised following initial losses in the quarter (-0.3% in USD) while Crude Oil (NYM) staged a recovery in the final quarter following significant losses in the earlier part of the year (+20.6%).

Developed markets were up strongly over the December quarter both in local and AUD terms. MSCI World was up 5.9% in AUD terms and 12.7% in local terms with strong gains across all DM regions. Emerging markets were also strongly positive, with MSCI EM posting 11.2% in AUD terms and 16.0% in local currency terms.

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 overweight to Financials and the largest detractor was the underweight to Communication Services. The largest stock level contributor was the underweight to Alibaba Group Holding Ltd. 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 December 2020 the portfolio reflected a 62.0% dividend yield premium to the MSCI ACWI ex AU index, whilst trading at a 45.8% price to book discount, a 48.5% price to cashflow discount and 53.3% 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 31 December 2020. 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 2020

Data as at: 31 December 2020

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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