

Realindex Global Share Value Hedged- Class A



Monthly Factsheet

31 January 2023

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 (AS)	273 million
Benchmark	MSCI ACWI ex Australia Net AUD Hedged (Daily)
Number of stock holdings	908
Buy / Sell spread	0.10% / 0.10%
Minimum investment (AS)	25,000
Management fees and costs (p.a.)*	0.47%

*Information on Management fees and 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	6.0	8.7	-2.6	7.8	4.8	9.7	8.9	11.2
Benchmark return	6.2	7.2	-8.6	5.5	5.4	9.7	9.7	11.5
Excess net return	-0.3	1.6	6.1	2.3	-0.6	0.0	-0.8	-0.3
Income return	0.0	2.7	22.3	13.3	11.5	10.8	8.9	8.5
Growth return	6.0	6.1	-24.9	-5.5	-6.7	-1.1	0.0	2.7

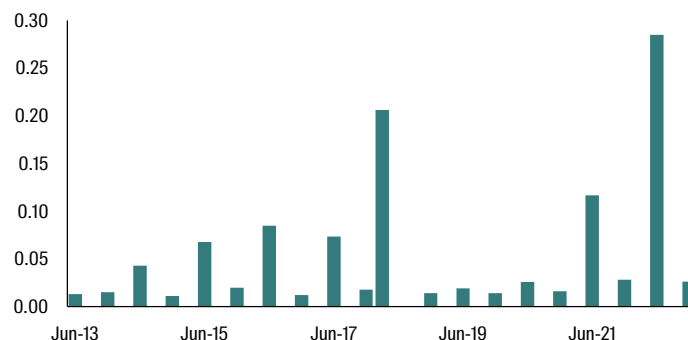
Note: Net return is the return after management fee

Risk Characteristics

Period	1yr	3yr	5yr	7yr	10yr	SI
Fund standard deviation (%)	18.0	19.7	17.4	15.2	14.1	15.0
Benchmark standard deviation (%)	19.8	18.8	16.6	14.4	13.3	13.9
Tracking error (%)	4.9	6.8	5.9	5.2	4.5	4.2
Fund Sharpe ratio	-0.2	0.4	0.2	0.6	0.5	0.6
Information ratio	1.2	0.3	-0.1	0.0	-0.2	-0.1
Beta	0.9	1.0	1.0	1.0	1.0	1.0
Cashflow adjusted turnover (%)	57.9	36.8	30.1	29.4	26.1	

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Distributions



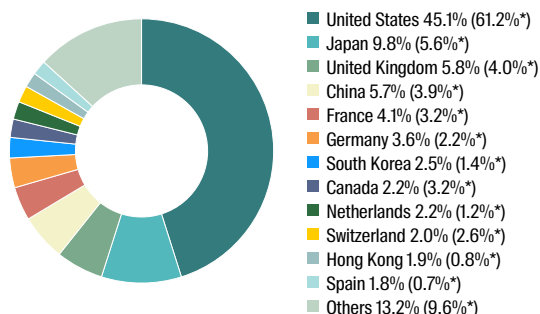
Top 10 Holdings

Stock	Fund Weight	Benchmark Weight	Active Weight
Apple Inc.	2.09	3.93	-1.84
Facebook, Inc. Class A	1.31	0.58	0.73
Roche Holding Ltd Genusssch.	1.04	0.37	0.67
Exxon Mobil Corporation	1.03	0.82	0.21
L'Oreal SA	0.92	0.17	0.75
Novo Nordisk A/S Class B	0.90	0.39	0.51
Microsoft Corporation	0.85	2.98	-2.13
Bristol-Myers Squibb Company	0.76	0.26	0.49
Wells Fargo & Company	0.73	0.30	0.43
ASML Holding NV	0.71	0.45	0.26

Sector Breakdown (%)

Sector	Fund Weight	Benchmark Weight	Active Weight
Financials	22.61	14.92	7.69
Consumer Discretionary	11.72	11.25	0.47
Information Technology	11.24	21.01	-9.77
Health Care	9.67	12.50	-2.83
Industrials	9.41	10.11	-0.70
Consumer Staples	7.49	7.38	0.11
Communication Services	7.35	7.26	0.09
Energy	5.83	5.34	0.49
Materials	4.19	4.67	-0.48
Utilities	3.14	2.99	0.15
Real Estate	2.86	2.57	0.29
Others	0.00		0.00

Country Breakdown



*Benchmark weight

Realindex Global Share Value (Hedged) returned +5.97% (net of fees) during January, versus the MSCI All Countries World ex Australia Net Index Hedged which returned +6.23% (in AUD). The AUD rose 3.9% against the USD over the month.

Global markets were off to a solid start in January as falling inflation, relatively robust economic data, and China's COVID policy change, drove investor hopes of a "soft landing" for the global economy. Equities, bonds and alternatives generally rose on the back of this renewed optimism while bond yields declined and equity market volatility fell to its lowest level in almost a year. The MSCI All Countries World Index posted 3.1% in AUD terms, led by strong performance from key countries such as the United States and China. The S&P 500 posted over 6% in local terms and China due to the improved economic momentum and confidence performed well, both onshore (CSI 300 Index +7.3%) and offshore (Hang Seng Index +10.4%). Growth oriented sectors performed well with Consumer Discretionary (+9.8%), Communication Services (+8.9%) and Information Technology (+6.3%) leading the way. Whilst, Value oriented defensive sectors such Health Care (-4.2%), Utilities (-3.9%), Consumer Staples (-2.5%) and Energy (-0.9%) underperformed.

Within this risk on market environment, Value stocks underperformed Growth stocks by 4.5% over the month (MSCI AC World ex AU Value +0.9% vs. Growth +5.4%, in AUD). Over the past year Value has outperformed Growth by 12.6% (AUD), while on a five year basis Growth has outperformed Value by 3.7% p.a. (AUD), providing a significant longer-term performance headwind.

Despite the underperformance of Value indices, the fund managed to perform roughly in line with the benchmark. This is largely due to positive allocation effects in Europe which the fund was overweight and good stock selection in the US which the fund was underweight. 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 from an asset allocation viewpoint was the underweight to Health Care, while Financials generated the largest contribution; largely from stock selection. The underweight to Information Technology was the largest sector detractor due to both poor stock selection and allocation effects. The largest stock level contributor was the overweight 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 January 2023 the portfolio reflected a 51.6% dividend yield premium to the MSCI ACWI ex AU index, whilst trading at a 28.1% price to book discount, a 35.1% price to cashflow discount and 35.9% 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 January 2023. 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 2023

Data as at: 31 January 2023

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.

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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