

Realindex Global Share Value Hedged- Class A



Monthly Factsheet

31 July 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 (A\$)	309 million
Benchmark	MSCI ACWI ex Australia Net AUD Hedged (Daily)
Number of stock holdings	807
Buy / Sell spread	0.10% / 0.10%
Minimum investment (A\$)	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	3.6	7.6	13.7	16.4	7.1	9.4	8.8	11.4
Benchmark return	3.1	8.2	10.4	9.9	7.6	9.7	9.7	11.8
Excess net return	0.5	-0.6	3.3	6.5	-0.5	-0.2	-0.9	-0.4
Income return	0.0	1.8	4.6	14.1	9.2	10.0	8.9	8.4
Growth return	3.6	5.9	9.1	2.3	-2.1	-0.6	-0.2	3.0

Past performance is not a reliable indicator of future performance

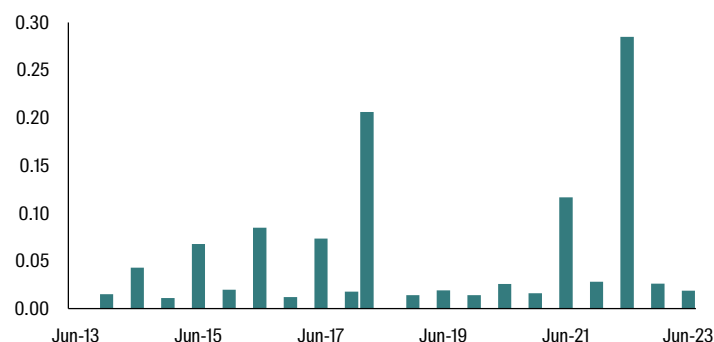
Note: Net return is the return after management fee

Risk Characteristics

Period	1yr	3yr	5yr	7yr	10yr	SI
Fund standard deviation (%)	16.3	15.7	17.4	15.2	14.1	14.8
Benchmark standard deviation (%)	16.3	15.5	16.6	14.4	13.3	13.7
Tracking error (%)	4.1	6.2	6.0	5.3	4.6	4.3
Fund Sharpe ratio	0.6	1.0	0.3	0.5	0.5	0.6
Information ratio	0.8	1.1	-0.1	0.0	-0.2	-0.1
Beta	1.0	0.9	1.0	1.0	1.0	1.0
Cashflow adjusted turnover (%)	42.9	39.5	31.2	28.7	27.4	

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Distributions



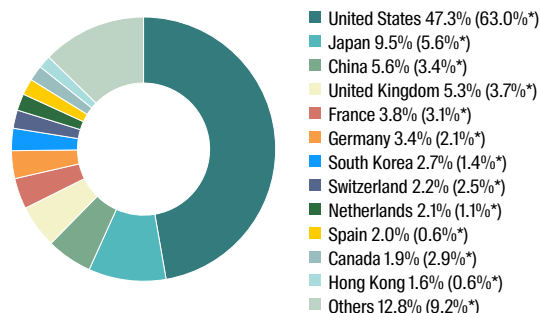
Top 10 Holdings

Stock	Fund Weight	Benchmark Weight	Active Weight
Apple Inc.	2.58	4.82	-2.24
Meta Platforms Inc. Class A	1.94	1.09	0.85
Microsoft Corporation	1.07	3.68	-2.61
L'Oreal S.A.	0.98	0.17	0.80
Visa Inc. Class A	0.96	0.60	0.36
Roche Holding Ltd Dividend Right Cert.	0.95	0.34	0.61
Novo Nordisk A/S Class B	0.92	0.41	0.51
Alphabet Inc. Class A	0.88	1.22	-0.35
Mastercard Incorporated Class A	0.84	0.52	0.32
Banco Bilbao Vizcaya Argentaria, S.A.	0.83	0.07	0.76

Sector Breakdown (%)

Sector	Fund Weight	Benchmark Weight	Active Weight
Financials	22.79	15.30	7.49
Information Technology	13.19	22.27	-9.08
Consumer Discretionary	12.46	11.50	0.96
Industrials	9.56	10.56	-1.01
Health Care	9.02	11.61	-2.59
Communication Services	8.17	7.58	0.59
Consumer Staples	6.66	7.20	-0.54
Energy	5.29	4.70	0.58
Materials	4.29	4.26	0.03
Utilities	3.21	2.74	0.47
Real Estate	2.98	2.28	0.70

Country Breakdown



*Benchmark weight

Realindex Global Share Value (Hedged) returned +3.57% (net of fees) during July, outperforming the MSCI All Countries World ex Australia Net Index Hedged which returned +3.09% (in AUD). The AUD rose 1.2% against the USD over the month.

Global stocks performed well in July, with the MSCI All Country World Index posting positive gains. Abating inflation in the US and abroad, and increasing evidence pointing to a soft landing has helped support global equities. US headline inflation fell more than expected to 3% year on year. In response, the S&P 500 index rose 3.2% in USD terms in July, taking year to date returns to over 20%. This was despite the US Federal Reserve raising rates by 25 basis points in line with market expectations. More broadly, Developed Markets delivered positive performance in July, but it was the riskiest sectors and regions that were the top performers. Energy, Materials and Communication Services led the market, each sector posting more than 5% for the month in AUD terms, while Small cap stocks and the MSCI Emerging Markets Index also strongly performed. In China, GDP growth slowed in the second quarter, but despite this, the MSCI China Index posted a solid 9.1% in local currency and pushed Asian equities higher in July - largely a response to policy easing and hopes for further stimulus within the Chinese economy. Within MSCI All Country World, Energy (+5.2%), Communication Services (+5.0%) and Materials (+4.2%) led the market, while Utilities (+0.7%) and Health Care (+ 0.2%) lagged.

Value stocks outperformed Growth stocks by 0.9% over the month (MSCI AC World ex AU Value +2.8% vs. Growth +2.0%, in AUD) as value oriented sectors outperformed and growth oriented sectors such as Technology posted modest gains. Over the past year, Value has underperformed Growth by 5.7% (AUD) and on a five year basis by 5.7% p.a. (AUD), providing a significant longer-term performance headwind.

Within this environment, from a region allocation perspective, the fund benefited from its overweight to Emerging Markets while the fund's overweight to Europe detracted performance. Stock selection within North America was a significant contributor with minimal detraction across other regions. From a sector allocation perspective, the fund benefited from its overweight to Financials and underweight to Information Technology. Stock selection within Financials, Materials and Industrials were also major contributors to the fund's performance. However, stock selection within Communication Services and Information Technology were small detractors. The largest stock level contributor was the underweight to Microsoft Corporation 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 July 2023 the portfolio reflected a 51.0% dividend yield premium to the MSCI ACWI ex AU index, whilst trading at a 24.2% price to book discount, a 31.7% price to cashflow discount and 37.0% 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 July 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 July 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.

www.realindex.com.au

For further information

Head of Wholesale - Aus/NZ Quin Smith	+61 455 095 505	Business Development Manager - VIC/TAS Jack Heinz	+61 436 810 683
Key Account Manager - NSW Paul Sleiman	+61 4 2251 1231	Business Development Manager - QLD Julie Day	+61 466 413 176
Business Development Manager - NSW Emerson Bloom	+61 472 633 201	Key Account Manager - WA/SA/NT Nathan Robinson	+61 403 272 440
Key Account Manager - VIC/TAS Nicholas Everitt	+61 499 454 206		

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