Realindex Global Share Value Hedged-Class A

realindex INVESTMENTS

Monthly Factsheet

31 August 2023

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$)	306 million
Benchmark	MSCI ACWI ex Australia Net AUD Hedged (Daily)
Number of stock holdings	793
Buy / Sell spread	0.10% / 0.10%
Minimum investment (A$)	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	-1.6	8.2	14.0	14.0	6.7	8.9	8.8	11.2
Benchmark return	-2.2	6.2	11.4	7.2	6.8	9.2	9.7	11.6
Excess net return	0.6	2.0	2.6	6.9	-0.1	-0.2	-0.9	-0.4
Income return	0.0	1.8	4.6	13.8	9.2	10.0	8.9	8.3
Growth return	-1.6	6.4	9.4	0.2	-2.4	-1.0	-0.2	2.9

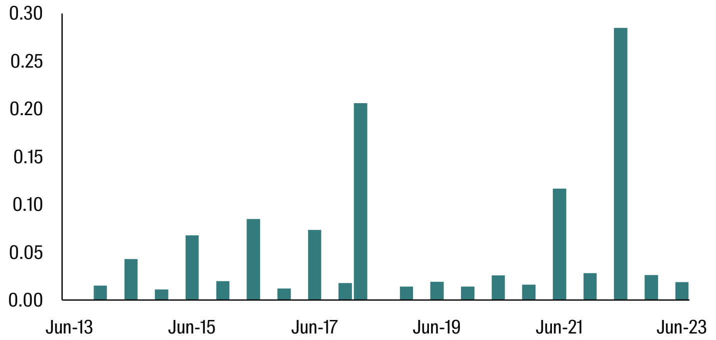
Past performance is not a reliable indicator of future performance

Note: Net return is the return after management fee

Risk Characteristics

Period	1yr	3yr	5yr	7yr	10yr	SI
Fund standard deviation (%)	16.2	15.6	17.4	15.2	14.1	14.8
Benchmark standard deviation (%)	16.1	15.3	16.7	14.4	13.3	13.7
Tracking error (%)	4.0	6.1	5.9	5.3	4.6	4.3
Fund Sharpe ratio	0.7	0.8	0.3	0.5	0.5	0.6
Information ratio	0.7	1.1	0.0	0.0	-0.2	-0.1
Beta	1.0	0.9	1.0	1.0	1.0	1.0
Cashflow adjusted turnover (%)	42.1	41.1	32.1	29.5	27.6	

Distributions



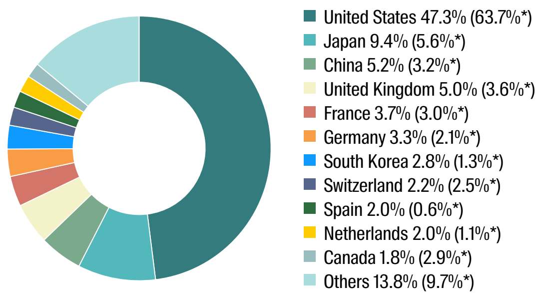
Top 10 Holdings

Stock	Fund Weight	Benchmark Weight	Active Weight
Apple Inc.	2.55	4.74	-2.19
Meta Platforms Inc. Class A	1.77	1.05	0.72
Microsoft Corporation	1.06	3.70	-2.64
Novo Nordisk A/S Class B	1.04	0.49	0.55
Visa Inc. Class A	1.03	0.64	0.39
L'Oreal S.A.	0.93	0.17	0.76
Alphabet Inc. Class A	0.91	1.29	-0.38
Roche Holding Ltd Dividend Right Cert.	0.91	0.33	0.58
Mastercard Incorporated Class A	0.91	0.56	0.35
Banco Bilbao Vizcaya Argentaria, S.A.	0.85	0.08	0.78

Sector Breakdown (%)

Sector	Fund Weight	Benchmark Weight	Active Weight
Financials	22.33	15.11	7.22
Information Technology	13.41	22.42	-9.02
Consumer Discretionary	12.21	11.42	0.79
Industrials	9.47	10.54	-1.07
Health Care	9.02	11.79	-2.77
Communication Services	8.17	7.61	0.55
Consumer Staples	6.43	7.19	-0.77
Energy	5.54	4.88	0.66
Materials	4.14	4.12	0.02
Utilities	3.34	2.65	0.69
Real Estate	2.95	2.26	0.68

Country Breakdown



*Benchmark weight

Realindex Global Share Value (Hedged) returned -1.60% (net of fees) during August, outperforming the MSCI All Countries World ex Australia Net Index Hedged which returned -2.19% (in AUD). The AUD fell 3.9% against the USD over the month.

Global markets had a volatile start to August with the release of sticky inflation readings, surging bond yields and mixed economic data which included a downgrade in US Government credit. However, sentiment improved and the soft-landing narrative took over mid-month recovering some of the losses earlier in the month. US stocks performed poorly, resulting in the S&P 500 dropping by 1.7% in local currency terms, bringing its year-to-date gains down to +15.4%. Investor sentiment was hindered by discouraging commentary from the Federal Reserve Chair who alluded to further monetary policy tightening. Developed Markets performed poorly in local currency terms, however due to the weakness in the Australian dollar the MSCI World Index posted +1.56% (AUD terms). In comparison, Emerging Markets were weak with the MSCI EM index posting -2.36% (AUD terms). This mainly stemmed from the downtown in economic indicators in China and its debt levels, which are creating challenges within the property sector. Poor performance was also seen in Asian markets with the Hong Kong's Hang Seng and China's CSI 300 falling by 8.5% and 6.2%, respectively. Overall, within the MSCI All Country World Index, Energy (+5.3%) and Health Care (+3.0%) led the market, while Utilities (-1.9%) and Materials (-1.2%) lagged.

Within this environment, Value underperformed Growth by 0.6% over the month (MSCI AC World ex AU Value +0.9% vs. Growth +1.5%, in AUD). Over the past year, Value has underperformed Growth by 9.0% (AUD), while on a five year basis Value has underperformed Growth by 5.1% p.a. (AUD), providing a significant longer-term headwind for performance.

Despite the Growth headwind during the month, the fund managed to outperform the market largely from stock selection effects. Strong stock selection was seen within North America and Information Technology names, whereas portfolio positioning across sectors and countries were detractors to performance. From a regional perspective, the overweight to Japan was the largest contributor to performance stemming mainly from stock selection while the overweight to Developed Asia was the largest detractor stemming mainly from allocation effects. From a sector perspective, Utilities which the fund is overweight was the largest contributor mainly resulting from stock selection effects, while poor stock selection made the overweight to Consumer Discretionary sector the largest detractor. The largest stock level contributor was the overweight to Novo Nordisk A/S 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 August 2023 the portfolio reflected a 50.8% dividend yield premium to the MSCI ACWI ex AU index, whilst trading at a 23.2% price to book discount, a 29.9% price to cashflow discount and 37.8% 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 August 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 August 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

Key Account Manager - NSW
Paul Sleiman +61 4 2251 1231

Business Development Manager – NSW
Emerson Bloom +61 472 633 201

Key Account Manager - VIC/TAS
Nicholas Everitt +61 499 454 206

Business Development Manager - VIC/TAS
Jack Heinz +61 436 810 683

Business Development Manager - QLD
Julie Day +61 466 413 176

Key Account Manager - WA/SA/NT
Nathan Robinson +61 403 272 440