

Realindex Global Share Value Hedged- Class A



Quarterly Factsheet

31 December 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 (AS)	254 million
Benchmark	MSCI ACWI ex Australia Net AUD Hedged (Daily)
Number of stock holdings	906
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	3mth	1yr	3yr	5yr	7yr	10yr	SI
Net return	10.0	-8.0	4.5	4.5	7.9	8.8	10.8
Benchmark return	7.0	-18.0	3.1	5.0	7.9	9.6	11.1
Excess net return	3.0	10.0	1.4	-0.5	0.0	-0.8	-0.3
Income return	2.7	21.1	12.9	11.5	10.6	8.9	8.5
Growth return	7.3	-29.1	-8.4	-7.0	-2.8	-0.1	2.3

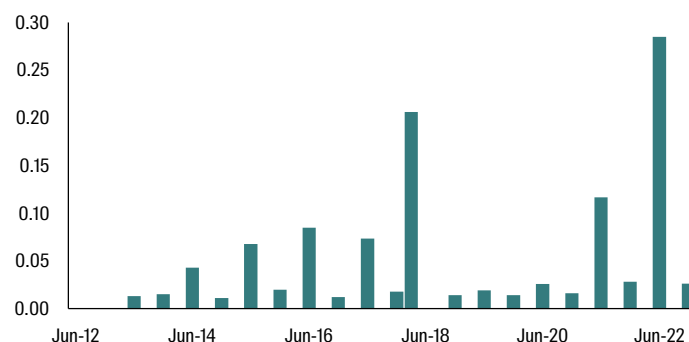
Note: Net return is the return after management fee

Risk Characteristics

Period	1yr	3yr	5yr	7yr	10yr	SI
Fund standard deviation (%)	16.9	19.6	17.3	15.2	14.0	15.0
Benchmark standard deviation (%)	18.8	18.6	16.5	14.4	13.3	13.8
Tracking error (%)	6.3	7.0	5.9	5.2	4.5	4.2
Fund Sharpe ratio	-0.5	0.2	0.2	0.4	0.5	0.5
Information ratio	1.6	0.2	-0.1	0.0	-0.2	-0.1
Beta	0.8	1.0	1.0	1.0	1.0	1.0
Cashflow adjusted turnover (%)	57.1	36.4	29.8	29.1	26.2	

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Distributions



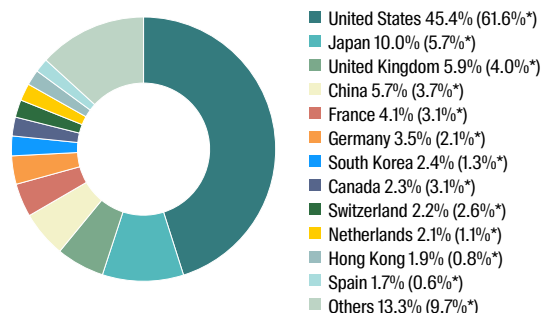
Top 10 Holdings

Stock	Fund Weight	Benchmark Weight	Active Weight
Apple Inc.	2.03	3.79	-1.76
Facebook, Inc. Class A	1.27	0.50	0.77
Roche Holding Ltd Genusssch.	1.13	0.40	0.73
Exxon Mobil Corporation	1.11	0.83	0.27
Novo Nordisk A/S Class B	0.97	0.40	0.57
Microsoft Corporation	0.91	3.08	-2.18
L'Oreal SA	0.90	0.16	0.75
Walmart Inc	0.74	0.39	0.35
Bristol-Myers Squibb Company	0.74	0.28	0.46
Wells Fargo & Company	0.72	0.28	0.44

Sector Breakdown (%)

Sector	Fund Weight	Benchmark Weight	Active Weight
Financials	22.97	14.83	8.15
Information Technology	11.22	20.37	-9.15
Consumer Discretionary	11.08	10.56	0.53
Health Care	10.78	13.42	-2.65
Industrials	9.81	10.28	-0.47
Consumer Staples	8.26	7.81	0.45
Communication Services	7.26	6.87	0.39
Energy	6.34	5.56	0.77
Materials	4.07	4.56	-0.49
Utilities	3.37	3.21	0.16
Real Estate	2.87	2.53	0.34

Country Breakdown



*Benchmark weight

Realindex Global Share Value (Hedged) returned +9.98% (net of fees) during the December quarter, outperforming the MSCI All Countries World ex Australia Net Index Hedged which returned +7.03% (in AUD). The AUD rose 5.5% against the USD over the quarter.

Overall the MSCI ACWI Index was down 12.5% in 2022, with both global equities and bonds declining against a surge in inflation, slowing economic growth, geopolitical tensions and monetary tightening. US equity markets had a mixed final quarter despite lower-than-expected inflation and signals that the Federal Reserve may slow the pace of rate increases. In response, the S&P 500 rose almost 2.0%, constrained by end of year sell-offs in Technology and Consumer Discretionary names, while in Europe, shares rose strongly on signs of slowing inflation and potential policy easing by central banks. In China, stocks were largely flat as Beijing moderated its zero-tolerance approach to COVID-19, but economic activity was disrupted by Covid outbreaks.

The MSCI All Countries World Index rose 4.1% for the quarter led by strong performances in Energy (+11.7%) and Industrials (+11.4%), while Consumer Discretionary (-5.9%) and Communication services (-2.9%) lagged for the quarter. With this backdrop, the fund strongly benefitted from Value stocks which outperformed Growth stocks by 8.5% over the quarter (MSCI AC World ex AU Value +8.2% vs. Growth -0.3%, in AUD). Over the past year Value has outperformed Growth by 22.6% (AUD), while on a five year basis Growth has outperformed Value by 3.1% p.a. (AUD), providing a significant longer-term performance headwind.

Regionally, the largest contributor to performance was the underweight to North America with stock selection being the most significant driver contributing over 260bps, while the largest detractor was the overweight to Developed Asia, though the detraction relatively small in comparison. From a sector perspective, the fund's largest contributor was the overweight to Consumer Discretionary though much of this was driven by stock selection effects; in particular the underweight to Tesla Inc. The largest sector detractor was the overweight to Consumer Staples again driven by stock selection effects though the detraction was small by comparison. The fund's largest stock level contributor was the underweight to Tesla Inc, while the largest stock level detractor was the overweight to Meta Platforms, 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 2022 the portfolio reflected a 52.0% dividend yield premium to the MSCI ACWI ex AU index, whilst trading at a 26.4% price to book discount, a 33.3% price to cashflow discount and 36.7% 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 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: 31 December 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.

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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