

# Realindex Australian Small Companies Fund-Class A

## Monthly Factsheet

31 October 2020

For Adviser use only

### Portfolio Description

The portfolio invests in smaller Australian companies by selecting and weighting companies based on fundamental measures of company size.

### Investment Strategy

Realindex forms a universe of companies listed on the Australian Securities Exchange that are outside both the ASX 100 and the 100 largest companies based on accounting measures. Factors such as quality, near-term value and momentum are applied to form a final portfolio of companies.

### Investment Objective

To provide capital and income growth by investing in smaller Australian companies and outperforming the S&P/ASX Small Ordinaries Accumulation Index over rolling five-year periods before fees and taxes.

### Product Overview

APIR code	FSF0978AU
Inception date	17 November 2008
Fund Size (A\$)	1,078 million
Benchmark	S&P/ASX Small Ordinaries Accumulation Index
Number of stock holdings	199
Buy / Sell spread	0.05% / 0.05%
Minimum investment (A\$)	25,000
Management cost (p.a.)*	0.58%

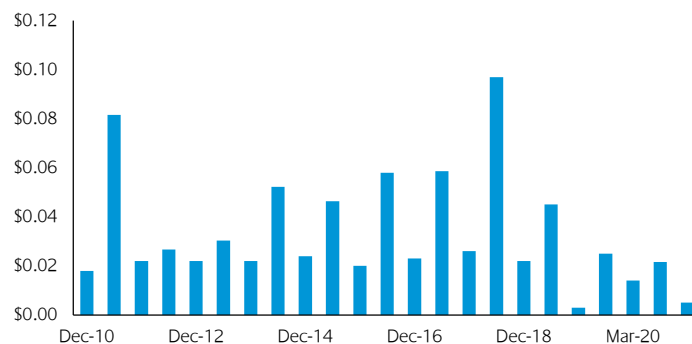
\* Information on Management Costs (including estimated indirect costs) is set out in the Fund's PDS.

### Performance Summary (%)

Period	1mth	3mth	1yr	3yr	5yr	7yr	10yr	SI
Net return	0.1	4.6	-5.8	3.9	8.6	7.3	7.8	10.7
Benchmark return	0.5	4.7	-2.4	4.6	8.6	5.9	3.2	7.0
Excess net return	-0.4	0.0	-3.4	-0.7	0.1	1.4	4.5	3.6
Income return	0.0	0.5	6.2	7.9	8.1	8.0	7.9	7.5
Growth return	0.1	4.1	-12.0	-4.0	0.5	-0.6	-0.1	3.2

Note: Net return is the return after management fee

### Distributions



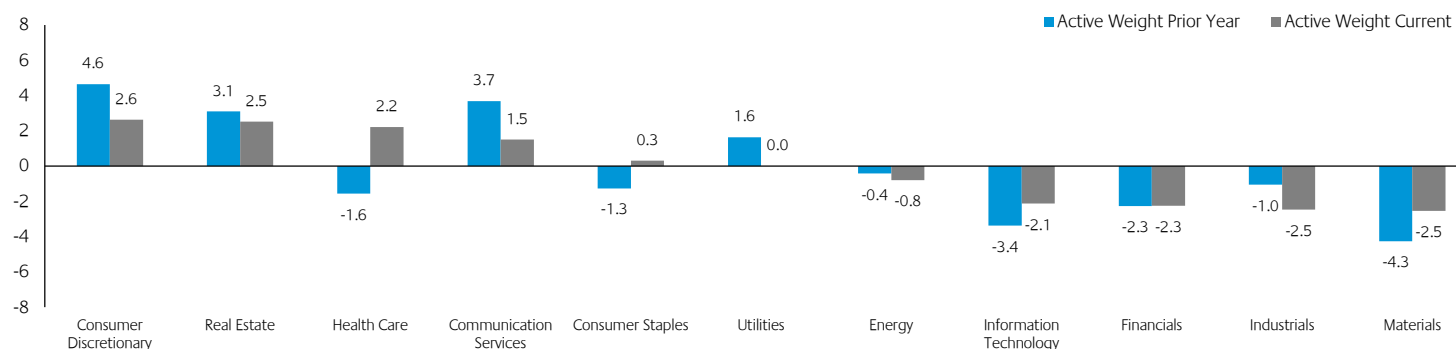
### Top 10 Holdings

Stock	Fund Weight	Benchmark Weight	Active Weight
Super Retail Group	2.55	0.84	1.71
Fisher & Paykel Healthcare	1.75	0.00	1.75
Chorus Limited	1.74	1.63	0.12
Growthpoint Properties Australia	1.54	0.47	1.07
Australian Pharmaceutical Industries	1.52	0.20	1.32
Premier Investments	1.49	1.00	0.49
SKYCITY Entertainment	1.38	0.40	0.98
Primary Health Care	1.27	0.82	0.44
Inghams	1.26	0.50	0.76
Brickworks	1.21	0.68	0.53

### Risk Characteristics

Period	1yr	3yr	5yr	7yr	10yr	SI
Fund standard deviation (%)	33.3	20.7	17.6	16.1	15.4	17.2
Benchmark standard deviation (%)	31.2	20.6	17.5	16.5	16.5	17.4
Tracking error (%)	5.2	4.8	4.7	4.7	5.4	5.9
Fund Sharpe ratio	-0.2	0.2	0.4	0.3	0.3	0.4
Information ratio	-0.7	-0.1	0.0	0.3	0.8	0.6
Beta	1.1	1.0	1.0	0.9	0.9	0.9
Cashflow adjusted turnover (%)	24.6	23.8	26.4	26.7	28.9	

### Fund Active Sector Positions (%)



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### Top 5 Attributors To Performance (1 Month)

Stock	Value added
Mesoblast	0.41%
Megaport	0.18%
Sunland	0.17%
Dicker Data	0.16%
Adairs	0.12%

### Top 5 Detractors From Performance (1 Month)

Stock	Value detracted
OceanaGold	-0.30%
New Hope	-0.18%
Sims Metal Management	-0.15%
CYBG	-0.14%
HUB24	-0.12%

The Realindex Australian Small Companies Fund returned +0.10% (net of fees) during October, versus the S&P/ASX Small Ordinaries benchmark which returned +0.46%.

The Materials sector was the largest detractor although this was mostly driven by stock selection rather than the portfolio's underweight allocation. Underperformance came from not holding steel company Sims Metals (+25.5%) and building materials company Fletcher Building (+8.7%). The portfolio does not hold either of these companies as they are considered large companies under the accounting weighting methodology used to construct the portfolio.

Stock selection of gold stocks also detracted value with some large falls in gold stocks, including a large overweight to OceanaGold (-22.9%), despite the gold price being only slightly weaker (-0.8%). Bucking the trend was Saracen (+9.1%) which was stronger after announcing a merger with S&P/ASX 100 gold miner Northern Star Resources.

Financials also detracted value driven by large underweights to expensive growth fintechs HUB24 (+24.2%) and Netwealth (+13.8%). Not holding Janus Henderson (+16.8%) also detracted value.

The largest contributor was Healthcare driven mainly by a large underweight to Mesoblast (-39.8%) and not holding smaller biotechs Opthea (-23.6%) or Avita (-14.1%). The portfolio's holding in Fisher and Paykel (+7.3%) was also a large value add as the stock is no longer in the Small Ordinaries benchmark after being promoted to the S&P/ASX 100.

Information Technology was also positive where an overweight to Dicker Data (+25.6%) and an underweight to Megaport (-16.3%) both contributed positively to relative performance.

The portfolio offers a valuation discount to the market-cap benchmark, as measured by price-to-sales (21.8% discount), price-to-cashflow (10.6% discount), and price-to-book (16.1% discount), as well as a dividend yield higher than the benchmark (36.8% premium).

Note: Percentage figures in parenthesis show total return in Australian dollars for the month ending 31 October 2020 unless otherwise noted.

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 October 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.

[www.realindex.com.au](http://www.realindex.com.au)

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