

# Realindex Global Share Fund-Class A



## Monthly Factsheet

31 October 2022

For Institutional use only

### Portfolio Description

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

### 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 does not 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, over rolling five year periods before fees and taxes.

### Product Overview

APIR code	FSF0974AU
Inception date	17 November 2008
Fund Size (A\$)	764 million
Benchmark	MSCI All Countries World ex Australia Net Index
Number of stock holdings	1,002

### Performance Summary (% before fees and expenses)

Period	1 mth	3 mth	6 mth	1 yr	3 yr	5 yr	10 yr	SI
Gross return	7.73	2.89	1.32	1.02	7.42	8.15	12.84	9.69
Benchmark return	6.63	0.79	0.79	-6.09	7.55	9.17	13.46	9.94
Excess return	1.10	2.11	0.53	7.11	-0.13	-1.02	-0.62	-0.25

### Sector Breakdown (%)

Sector	Fund Weight	Benchmark Weight	Active Weight
Financials	22.54	14.37	8.17
Health Care	11.64	13.29	-1.65
Information Technology	11.58	21.25	-9.67
Consumer Discretionary	11.02	10.91	0.11
Industrials	9.76	9.93	-0.17
Consumer Staples	8.76	7.61	1.16
Energy	7.20	5.79	1.41
Communication Services	6.85	6.99	-0.14
Materials	3.87	4.32	-0.45
Utilities	3.22	3.06	0.16
Real Estate	2.59	2.47	0.12

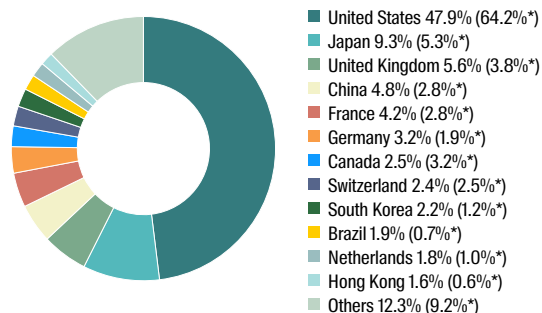
### Top 10 Holdings

Stock	Fund Weight	Benchmark Weight	Active Weight
Apple Inc.	2.03	4.64	-2.60
Exxon Mobil Corporation	1.23	0.87	0.36
Roche Holding Ltd Genusssch.	1.16	0.44	0.73
Microsoft Corporation	0.96	3.08	-2.12
Novo Nordisk A/S Class B	0.87	0.34	0.53
L'Oreal SA	0.86	0.14	0.72
Wells Fargo & Company	0.84	0.33	0.52
Bristol-Myers Squibb Company	0.81	0.31	0.50
Facebook, Inc. Class A	0.80	0.40	0.40
Walmart Inc	0.79	0.40	0.39

### Risk Characteristics

Period	1yr	3yr	5yr	7yr	10yr	SI
Fund standard deviation (%)	13.0	14.0	12.5	11.7	11.3	11.7
Benchmark standard deviation (%)	12.9	12.1	11.3	10.7	10.6	10.7
Tracking error (%)	6.9	7.0	5.8	5.2	4.6	4.4
Fund Sharpe ratio	0.0	0.5	0.6	0.6	1.0	0.6
Information ratio	1.0	0.0	-0.2	-0.1	-0.1	-0.1
Beta	0.9	1.0	1.0	1.0	1.0	1.0
Cashflow adjusted turnover (%)	34.2	23.7	21.5	21.9	19.5	

### Country Breakdown



\*Benchmark weight

The Realindex Global Share Fund returned +7.73% (gross of fees) during October, outperforming the MSCI All Countries World ex Australia Net Index which returned +6.63% (in AUD).

Global markets recovered in October, posting broad gains on the hopes of more dovish central bank behaviour with some economic data pointing to softening in wage pressures and core inflation (CPI year-over-year at 8.2%, PPI at 8.5%). Developed equity markets gained in October offsetting the poor performance in September, with the MSCI World index posting +7.8% in AUD terms. This was led by a surge in Energy (+20.7%) and Industrials (+11.0%). However, the gains in Developed markets were not observed in Emerging markets with the MSCI EM index falling 2.6% for the month. The losses were largely observed in China (MSCI China: -16.4%) while Latin America performed strongly (MSCI Latin America: +10.3%).

Value stocks outperformed Growth stocks by 5.0% over the month (MSCI AC World ex AU Value +9.1% vs. Growth +4.1%, in AUD) helping to drive the fund's outperformance for the month. Over the past year Value has outperformed Growth by 22.5% (AUD), while on a five year basis Growth has outperformed Value by 3.8% p.a. (AUD), providing a significant longer-term performance headwind.

Regionally, the largest contributor was the underweight to North America which delivered most of the fund's performance (in excess of +5.5%); stock selection across most sectors being the key driver. The largest detractor was the overweight to Developed Asia though this only contributed to marginal underperformance (-0.3%). From a sector perspective, the largest contributor was the underweight to Consumer Discretionary mainly from stock selection within that sector, while the largest detractor was the underweight to Industrials which detracted performance by approx. 13bps. The largest stock level contributor was the underweight to Amazon.com, Inc. and the largest stock level detractor was the overweight to Facebook, Inc Class A.

Driven by the methodology of rebalancing into cheap Value companies, the portfolio continues to sit on deep valuation discounts. At the end of October 2022 the portfolio reflected a 57.4% dividend yield premium to the MSCI ACWI ex AU index, whilst trading at a 27.4% price to book discount, a 34.7% price to cashflow discount, and 37.5% 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 October 2022. All returns are given in local currency terms unless otherwise stated.

Performance returns are calculated gross of management fees and net of 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 October 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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