Realindex Global Share Fund (Screened)

realindex INVESTMENTS

Monthly Factsheet

31 October 2023

For Adviser use only

Investment Strategy

Realindex forms a universe of companies based on accounting measures. 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 and lower turnover 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 will exclude certain companies from its portfolio for ESG reasons. The Fund does not hedge currency risk. The Fund may use derivatives for efficient portfolio management.

Investment Objective

To provide capital and income growth by investing in global shares and outperforming the MSCI ACWI ex Australia Index (AUD) Index, over rolling seven-year periods before fees and taxes

Fund Facts

Inception date	09 October 2015
Funds under management (A$)	1,211 million
Benchmark	MSCI All Countries World ex Australia Net Index
Number of stock holdings	747
Base currency	AUD
APIR code	FSF1771AU
ESG exclusions#,**	Tobacco Products / Controversial Weapons / Sanctions

Valuation	Fund	Benchmark
Dividend Yield (%)	3.16	2.13
Price/Cashflow	10.84	16.20
Price/Book	2.56	3.44
Price/Earnings	16.53	22.11
Price/Sales	2.24	3.59

ESG Rating	Fund	Benchmark
ESG Risk Rating*	22.38	21.79
Carbon Intensity^	135.13	134.88

Net Performance (% p.a.)	1M	3M	6M	1Y	2Y	3Y	5Y	7Y	10Y	ITD
Net return	-1.34	-1.73	4.06	15.51	8.57	17.82	9.97	11.10	-	9.62
Benchmark return	-1.09	-3.76	2.49	11.73	2.43	10.43	9.97	11.34	-	9.77
Excess return	-0.25	2.03	1.57	3.78	6.14	7.39	-	-0.24	-	-0.15

Past performance is not a reliable indicator of future performance

Risk Characteristics	1Y	3Y	5Y	ITD
Beta	0.81	0.89	0.96	0.95
Tracking Error (%)	4.31	6.61	6.16	5.24

ITD: Inception to date

Sector Allocation (%)	Fund	Benchmark	Active
Financials	23.11	15.39	7.72
Information Technology	13.42	22.42	-9.00
Consumer Discretionary	12.02	11.09	0.93
Industrials	9.29	10.36	-1.07
Health Care	8.67	11.74	-3.07
Communication Services	8.48	7.58	0.90
Consumer Staples	6.66	7.24	-0.58
Energy	6.02	5.14	0.88
Materials	4.29	4.12	0.17
Utilities	3.89	2.73	1.16
Real Estate	3.09	2.20	0.89

Region Allocation (%)	Fund	Benchmark	Active
North America	49.39	66.52	-17.13
Europe	18.23	12.39	5.84
Emerging Markets	15.32	10.76	4.56
Japan	9.34	5.58	3.76
UK	4.92	3.78	1.14
Developed Asia	2.21	0.97	1.24

Largest Active Stock Positions	Fund	Benchmark	Active
Banco Bilbao Vizcaya Argentaria, S.A.	0.91	0.08	0.83
L'Oreal S.A.	0.98	0.17	0.81
Centrica plc	0.79	0.02	0.77
NVIDIA Corporation	-	1.74	-1.74
Apple Inc.	2.52	4.63	-2.11
Microsoft Corporation	1.18	4.11	-2.93

Best/Worst 3 Stocks - 1 Month (%)	Active Performance Contribution
Tesla	0.19
Wolters Kluwer N.V.	0.07
Novo Nordisk A/S Class B	0.05
Apple Inc.	-0.09
Amazon.com, Inc.	-0.12
Microsoft Corporation	-0.31

Best/Worst 3 Sectors - 1 Month (%)	Active Performance Contribution
Health Care	0.16
Communication Services	0.11
Consumer Staples	0.06
Industrials	-0.08
Consumer Discretionary	-0.24
Information Technology	-0.28

Best/Worst 3 Countries - 1 Month (%)	Active Performance Contribution
Denmark	0.10
Netherlands	0.08
United Kingdom	0.07
Taiwan	-0.06
Germany	-0.07
United States	-0.49

Realindex Global Share Fund (Screened) 31 October 2023

The Realindex Global Share Screened Fund returned -1.34% (net of fees) during October, versus the MSCI All Countries World ex Australia Net Index which returned -1.09% (in AUD).

October was broadly a challenging month for financial markets, with bonds and stocks falling simultaneously due to rising bond yields and heightened geopolitical uncertainty, ultimately weighing on market sentiment. Commodities were the notable outperformer, as energy prices rallied and investors fled to safe assets such as gold. The collapse in the bond market continued in October with US treasury yields rising above 5% driven by a 'higher for longer' scenario with rates. This in turn affected equity markets, with the implication on higher rates on earnings multiples and a reduction in risk appetite stemming from the Israel-Hamas conflict. Key indices like the S&P500 fell by over 2% in local terms, despite the US economy showing signs of resilience with strong labour market numbers and retail spending. In Asia, despite positive retail sales and industrial production numbers, weakness in the Real Estate sector continued to weigh down the Chinese equity market with MSCI China falling by more than 4% in local terms during October and in turn impacting Emerging Markets.

Globally, the fall in equity performance was led by Consumer Discretionary (MSCI ACWI Consumer Discretionary: - 2.9%) and Industrials (MSCI ACWI Industrials: -2.6%), while Energy (-2.4%) also fell despite the rally in oil prices. Defensive sectors, namely Utilities (+2.1%) and Consumer Staples (+0.1%) led the market. Value stocks were also weaker, underperforming Growth stocks by 1.0% over the month (MSCI AC World ex AU Value -1.6% vs. Growth -0.6%, in AUD). Over the past year, Value has underperformed Growth by 13.6% (AUD), while on a five year basis Value has underperformed Growth by 5.8% p.a. (AUD), providing a significant longer-term performance headwind.

Despite the weakness in value, the fund's underperformance was relatively limited, with most of the underperformance coming regionally from North American positions which the fund was underweight; specifically the underweight to US Information Technology. A large contributor from a regional perspective was the overweight to Europe, largely driven by stock selection. From a sector perspective, a large contributor was the funds positioning in Health Care names, while overall large detractors were the overweight to Consumer Discretionary names and the underweight to Information Technology. One of the largest stock level contributors was the underweight to Tesla, Inc. and one of the largest stock level detractors was the underweight to Microsoft 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 October 2023 the portfolio reflected a 50.7% dividend yield premium to the MSCI ACWI ex AU index, whilst trading at a 29.0% price to book discount, a 30.6% price to cashflow discount and 39.2% 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 2023. All returns are given in local currency terms unless otherwise stated.

ESG exclusions#	Companies in scope for exclusion are entities that derive any revenue directly from the manufacture of Controversial Weapons or Tobacco Products; or own more than a 50% interest in entities that do so. We note the following qualifications: We have defined "Controversial Weapons" to include: anti-personnel mines, cluster weapons, biological and chemical weapons, depleted uranium, nuclear weapons produced in support of the nuclear weapons programs of non-nuclear weapon State Parties and non-signatories to the Treaty on the Non-Proliferation of Nuclear Weapons and white phosphorus munitions. We have defined "Tobacco Products" to include traditional cigarettes and other tobacco products (including cigars and chewing tobacco), which we do not consider includes vaping or e-cigarette products. The exclusions do not apply to investments in entities with minority investments (i.e. < 50%) in other entities or joint ventures that are involved in the above sectors. The implementation of these exclusions is dependent on information relating to either reported revenues or revenue estimates provided by reputable third party research providers. Where such information turns out to be inaccurate or there are delays in accessing such information, the implementation of these exclusions may in turn be delayed, particularly where there has been material changes in the nature of certain investments. Any existing holding that becomes an excluded stock will be divested within 3 months.
Sanctions**	Where companies are flagged under UN, US, EU or Australian sanctions. Any existing holdings will be divested when possible.
ESG Risk Rating*	Portfolio weighted average of the Sustainalytics ESG Risk Rating Score. A companies risk score ranges from 0 and 100, with 0 indicating that risks have been fully managed (no unmanaged ESG risks) and 100 indicating the highest level of unmanaged risk. It is calculated as the difference between a company's overall exposure score and its overall managed risk score.
Carbon Intensity^	Carbon Intensity reflects a firm's total scope 1 & 2 CO2e emissions in tonnes / company sales in USD $m. CO2e means green house gas emissions converted to their carbon dioxide equivalent. Source: MSCI / Realindex.
Portfolio Beta	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.

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 October 2023

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