

Fund Strategy

The Realm Capital Series 2018-1 (Fund) will invest in balance sheet funding and syndicated bank warehousing facilities. Realm Investment House (RIH) will partner with the major banks and best of breed non-bank corporate lenders to acquire exposures in these newly capitalised facilities. RIH's assessment of the opportunities will generate good risk adjusted income returns, particularly when compared to the 'public term out market' for the same level of risk. Diversification within the Fund will be achieved by diversity of banking partners, facility sponsors and the number of individual facilities. RIH's risk management and assessment overlay are used in assessing eligible exposures. RIH will actively manage & monitor the risk of each funding facility exposure during the term of the fund.

Fund Objective

The strategy targets a return of 4.75% p.a. over the RBA cash rate over the life of the strategy. The Fund may suit investors seeking a high yield return with a moderate to high risk tolerance.

Fund Features

Quarterly application windows are available to accept new monies into the Fund. Please note whilst application forms can be received at anytime, due to anti-money laundering requirements monies can only be received 30 days prior to the opening of an application window. While the termination and return of investor funds is available on the 5th anniversary (22.6.23) the manager will help facilitate off market transfers (Application Liquidity) as new applications are received.

Net Performance

Period	2018-1 Units	RBA Cash Rate Return
3 Month	2.07%	0.36%
6 Month	4.04%	0.74%
9 Month	6.24%	1.12%

Fund details

Distribution Frequency: Quarterly
Applications: Quarterly Application Windows (2 business days prior to last business day of the calendar quarter)
Transfers: Units can be transferred to an existing/new investor upon the completion of required documentation as per the PDS (Section 4.5)
Pricing & Reporting Frequency: Quarterly
Minimum Investment: \$25,000
Minimum Investment Timeframe: 5 years (22.6.23)
Inception Date: 22.6.2018
Fund size: AUD \$27 million
Benchmark: RBA Cash Rate
Buy/Sell: Nil
APIR Codes: OMF8680AU
Management Fees: 1.25% plus GST
Responsible Entity: One Managed Investment Funds Ltd
Custodian: Mainstream Funds Services Pty Ltd
Unit Pricing and Unit Price History:
www.realminvestments.com.au/media/4

Fund Statistics

Running Yield	8.36%
Targeted Running Yield	7.50%
Credit Duration	2.44
Average Credit Rating	BB+
Number of positions	21

Platform Availability

Managed Accounts Mason Stevens

Gross Running Yield* 8.36%

*Past performance is not indicative of future performance. The Gross Running Yield is the pre-fee income attributable to the portfolio, total return will be a function of this yield minus the fee. Please note the unit price can also experience modest variance as pay out of distributions sit at 95%. All outstanding amounts will be paid at the 30th of June.

Credit Fundamentals explained

The Fund invests in syndicated bank warehouse facilities (Facilities). These Facilities are lines of credit which major banks provide senior funding to and the Fund invests alongside or in a junior position to the bank as the senior funder. In all cases these Facilities also have equity capital that is funded by the Originator or Sponsor, "skin in the game". These Facilities have an number of term features which help mitigate risk that can exist when investing in warehouse syndication. These terms can vary from deal to deal and can include:-

- underlying assets (the mortgages) are security against the drawdown of the facility
- increased level of equity enhancement when compared to securities that trade in the over the counter market
- favourable intercreditor rights
- short credit terms
- additional covenants
- in many instances originator balance sheet cover to make good losses and Non-Performing Loans (NPL)
- higher financing rate of return due to the structure, and the inability of the Facility to be traded quickly

Furthermore, where the total number of Non-Performing Loans (NPLs) breach arrears covenant limit, the originator is required to add additional capital to offset the breach. If there is a default and a loss on any loan, this is charged off against the excess income or capital of the originator in the facility. The originator must make this loss good and maintain a minimum capital balance NPL's can be removed from the facility, back onto the originators balance sheet in some instances.

Fund Update

The portfolio is invested across a range of syndicated mortgage and asset backed warehouses, as well as public residential mortgage backed securities (RMBS) transactions. At month end approximately 75% of the capital series is invested within syndicated warehouse and structured RMBS notes, with approximately 24% of the fund held in public RMBS securities. The weighted average credit rating of the portfolio sits at BB+, with a short weighted credit duration of 2.50 years and a pre fee running yield to maturity of 8.63%.

Domestic Economic Performance & System Risk

Realm System Risk Monitor: Our system risk indicator sits at -0.40%, this is on the low side of normal. This kind of environment is positive from an underlying perspective in that risk written is better on balance, however equally it speaks to the fact that property prices are moderating. We find that a movement beyond -0.50 generally drives the RBA to adopt an accommodative stance. While absolute leverage remains high, the burden of servicing is at near record lows. While we are starting to see signs of the rate of property price declines abating, we do see price weakness bleeding into the real economy, this was particularly evident in the last lot of Aussie inflation data. Expect the RBA to act if property weakness threatens economic momentum, the concern being that property drives a negative feedback loop through the real economy via a hit to consumption. As things stand our base case remains that arrears will track higher however within the band of normal.

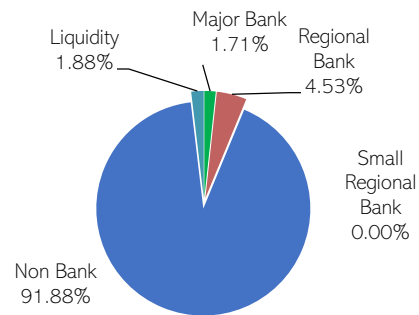
Realm Australian Eco Monitor: Our domestic economic monitor is tracking modestly below trend. This measure has weakened on the back of property prices, retail sales, private sector credit growth and wages all remaining soft or weakening. This is counteracted by employment and biz confidence measures which remain resilient. On balance the data is painting the picture of a soft economy that is seemingly weakening. Our previous view that the RBA was side-lined has been amended on the back of the exceptionally weak recent inflation data. We accept that the RBA could act pro-actively to protect the wealth effect, however we do not a rate cut is locked in given that they have stated if they move it will be meaningful (more than one cut).

Housing arrears & portfolio performance

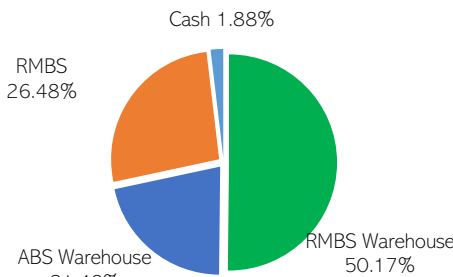
Portfolio arrears fell over the month to 1.38% from 1.56% again driven primarily by portfolio composition. Within the portfolio specifically, bond performance was stable over the month as each underlying pool of mortgages continues to season.

S&P released its arrears index (SPIN) data for February noting non-conforming arrears ticked up slightly by 4.2bps to 3.95% but also noting the underlying balance decreased to 7.7bn from 7.8bn. This remains well under the four-year seasonal average increase of 38.2 bps for the month of Feb. Prime mortgage arrears also saw a slight increase of 2.7bps, also short of the 3bps seasonal average increase over the last four years for the month of Feb. Exposure to higher risk areas such as Western Australia and the Northern Territory relatively low as shown in the chart below.

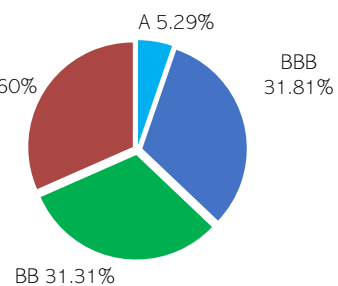
Portfolio Composition



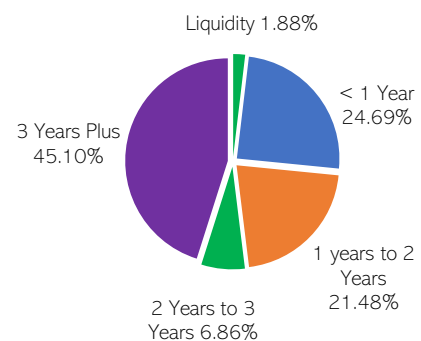
Asset Type



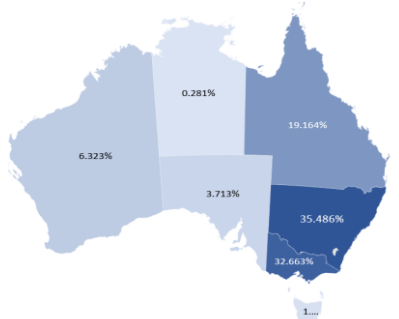
Credit Quality



Maturity Profile

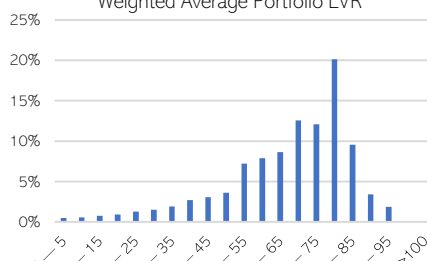


Weighted Average Geographic Exposure



Realm Investment House
ABN 34 155 984 955
AFSL 421 336

Weighted Average Portfolio LVR



Level 17
500 Collins St
Melbourne VIC 3000

Email: clientservices@realminvestments.com.au
Website: www.realminvestments.com.au
Tel: 03 8560 7297

DISCLAIMER

Realm Investment Management Pty Ltd ACN 158 876 807, a corporate authorised representative (number 424705) of Realm Investment Management Pty Ltd ACN 158 876 807, a corporate authorised representative (number 424705) of Realm Pty Ltd ACN 155 984 955 (AFSL 421336) (Realm) is the investment manager of the Realm Capital Series Fund (ARSN 624 861 589). One Managed Investment Funds Limited (ABN 47 117 400 987) (AFSL 297042) is the responsibility entity of the Fund (OMIFL). The information contained in this document was not prepared by OMIFL but was prepared by other parties. While OMIFL has no reason to believe that the information is inaccurate, the truth or accuracy of the information contained therein cannot be warranted or guaranteed. Anyone reading this report must obtain and rely upon their own independent advice and inquiries. Investors should consider the product disclosure statement (PDS) issued by OMIFL before making any decision regarding the Fund. The PDS contains important information about investing in the Fund and it is important investors obtain and read a copy of the PDS before making a decision about whether to acquire, continue to hold or dispose of units in the Fund. You should also consult a licensed financial adviser before making an investment decision in relation to the Fund. A copy of the Ordinary Units PDS, (Dated 4 April 2018) and continuous disclosures may be obtained from <https://www.oneinvestment.com.au/realm-capital-series/> or <http://www.realminvestments.com.au/>. Realm believes that the information contained in this document is accurate when issued. Realm does not warrant that such information or advice is accurate, reliable, complete or up-to-date, and to the fullest extent permitted by law, disclaims all liability of Realm and its associates. This document should be regarded as general information only rather than advice. In preparing this document, Realm did not take into account the investment objectives, financial situation and particular needs of any individual person. The information contained in this document must not be copied or disclosed in whole or in part without the prior written consent of Realm, and Realm accept no liability whatsoever for the actions of third parties in this respect. It is presented for informational purposes only and is not to be construed as a solicitation or an offer or recommendation to buy or sell any securities. Any opinions expressed in this document may be subject to change. Realm is not obliged to update the information. The information must not be used by recipients as a substitute for the exercise of their own judgment and investigation. Neither Realm nor any of their directors, employees or agents accept any liability for any loss or damage arising out of the use of all or part of, or any omission, inadequacy or inaccuracy in, this document. OMIFL and Realm do not guarantee the performance of the Fund or the repayment of any investor's capital. To the extent permitted by law, neither OMIFL nor Realm, including their directors, senior executives, employees, consultants, advisers, officers or authorised representatives, are liable for any loss or damage arising as a result of reliance placed on the 30 April 2019