

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 Feature

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) on a case by case basis.

Net Performance

Period	2018-1 Units	RBA Cash Rate Return
1 Month	0.93%	0.09%
3 Month	1.72%	0.32%
6 Month	3.83%	0.68%
12 Month	8.07%	1.44%

Fund details

Distribution Frequency: Quarterly
Applications: Closed
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 Timeframe: 5 years (22.6.23)
Inception Date: 22.6.2018
Fund size: AUD \$30 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	7.71%
Targeted Running Yield	7.50%
Credit Duration	2.28
Average Credit Rating	BB+
Number of positions	21

Gross Running Yield* 7.71%

*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 70% of the capital series is invested within syndicated warehouse and structured RMBS notes, with approximately 28% 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 2.29 years and a pre fee running yield to maturity of 7.71%.

Domestic Economic Performance & System Risk

Realm System Risk Monitor: Our system risk indicator declined to -0.93%. Declining momentum in household leverage, mortgage rates and recent house price weakness were the main drivers. This number can be categorised as weak and being a reflection of a system suffering meaningful contraction. The environment is as soft as it has been in six years, however the outlook is positive in light of meaningful interest rate cuts and tax cuts.

Realm Australian Eco Monitor: Our domestic economic monitor is tracking modestly below trend. On balance the data is painting the picture of a soft economy that is seemingly weakening. We would expect the Aussie eco measure to recover as property stabilises and rate cuts drive employment outcomes. We expect this to also be helped by the recently passed tax cuts.

Housing arrears & portfolio performance

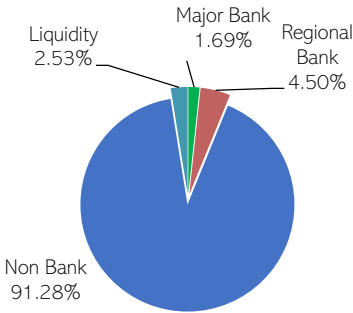
Portfolio arrears performed well over the month, decreasing to 1.52% from 1.58%, which was in line with a general market improvement.

S&P released its monthly arrears index (SPIN) showing an improvement in prime arrears which fell from 1.13% to 1.11%. Non-conforming arrears also improved dropping 31bps to 3.80% driven by improvements in both domestic and cross border arrears. Major bank arrears weakened slightly, increasing 1bp to 1.18% while regional banks improved 8bps to 2.01%. Non-bank financials and Non-bank originators also improved, falling 9bps to 0.47% and 5bps to 0.73% respectively.

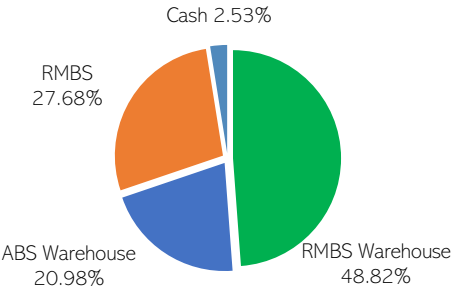
Geographically, most states saw improvements in arrears over the month (the exceptions being TAS and the ACT which slipped slightly), with NSW and VIC improving 4bps to 1.24% and 3bps to 1.40% respectively. Both WA and the NT improved this month, with a 10bp decrease to 3% in WA and a 23bp decrease to 3.1% in the NT. These geographies continue to be closely monitored and managed throughout the portfolio.

We continue to monitor the strong new deal flow and opportunities to rotate exposures to improve the risk adjusted returns.

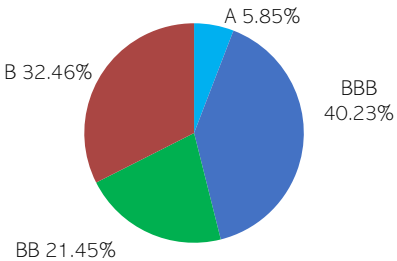
Portfolio Composition



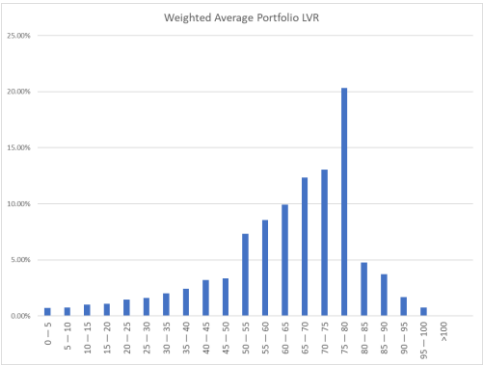
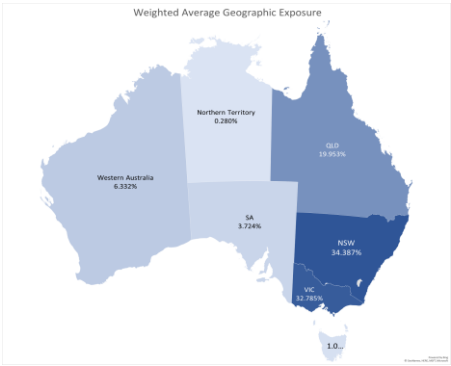
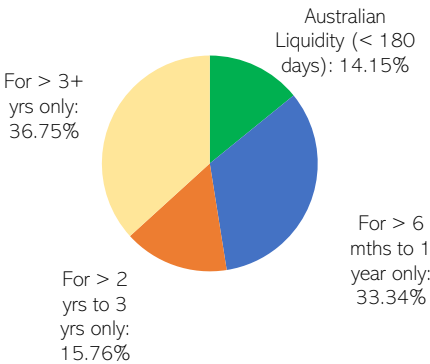
Asset Type



Credit Quality



Maturity Profile



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