

Fund Objective

The Realm High Income Fund is a fixed income strategy, that invests in domestic investment grade asset backed securities, bank-issued securities and corporate & government bonds. The objective of the Fund is to deliver investors a consistent return (net of fees and after franking) of 3% over the RBA cash rate through the market cycle.

Net Performance

Period	Ordinary Units (incl. franking)	Wholesale Units (incl. franking)	RBA Cash Rate Return
1 Month	0.75%	0.80%	0.13%
3 Month	0.19%	0.30%	0.38%
6 Months	0.78%	1.01%	0.75%
1 Year	1.82%	2.26%	1.50%
2 Years p.a	2.60%	3.05%	1.50%
3 Years p.a	3.89%	4.34%	1.56%
4 Years p.a	3.47%	3.92%	1.69%
5 Years p.a	3.97%	4.43%	1.85%
Since Inception p.a*	4.86%	4.64%	2.05%

* Past performance is not indicative of future performance. *Ordinary units Inception 26 September 2012.

Wholesale units Inception 2 October 2013. Adviser Units Inception 8 September 2016

Fund Update

Cash and Short-Term Liquidity Weighting: → Remained in line with month prior sitting at approximately 24%.

Interest Rate Duration Position: ↓ Our Interest rate duration positioning reduced from 0.2 of a year to 0.08 of a year over the month. The main occurrence in January was the Federal Reserves change of posture with chairman Powell indicating that the Fed would take a more gradual approach to raising rates. This pause in monetary tightening drove a strong rally in bonds, while also providing respite to risk markets. As a result the market is assigning a probability of approximately 4% of one or more rate hike in the US this year, and a probability of 1 cut at nearly 25%. Closer to home RBA governor Phillip Lowe's commentary spoke to the possibility of the next move in rates here in Australia being lower. The market has concluded that the RBA has now shifted to a neutral/easing bias on a data dependent basis. This is an entirely reasonable outcome given the weaknesses in domestic housing and visible signs of the Chinese economy softening. Even though the narrative has very definitely shifted, the low absolute level of rates when reconciled against growth levels (especially in the US), does not justify more aggressive positioning at this time.

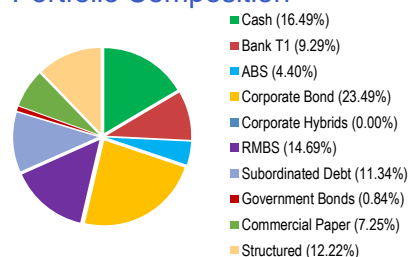
Corporate & Subordinated Debt Allocation: → Remained in line with December month end. Strong performance across the sector drove out-performance over the month as credit markets mean reverted on the back of the Chinese increasing market liquidity and the federal reserve finally relenting to the markets jawboning. The narrative around tightening market conditions has now been disrupted, this should be considered a positive for corporate credit. This is despite the fact that we can now clearly see a number of regions struggling on the economic front. Our allocation within this sector is focussed on Australian names in USD, which were disproportionately affected in the last quarter of 2018. We continue to believe that our portfolio holdings present good value and will deliver a solid result in the shorter to medium term.

Fund Statistics

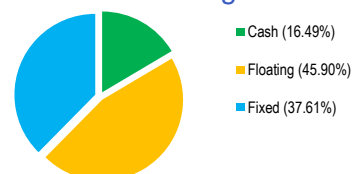
Running Yield	5.27%
Volatility†	0.52%
Interest rate duration	0.08
Credit duration	3.23
Average Credit Rating	A-
Number of positions	160
Average position exposure	0.35%
Worst Month*	-0.47%
Best Month*	1.22%
Sharpe ratio [‡]	2.82
Information Ratio [‡]	2.90

Calculated on Ordinary Units unless otherwise stated. *Since Inception 26 September 2012.
† Trailing 12 Months Calculated on Daily observations. ‡ Since Inception Calculated on Daily observations

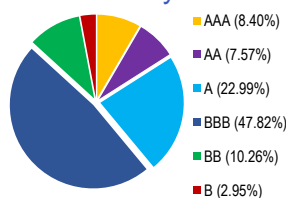
Portfolio Composition



Fixed and Floating Breakdown



Credit Quality



Maturity Profile



Residential Backed Securities (RMBS): → RMBS remained static at approximately 27% over the month. We are yet to see any primary activity in 2019 as at month end, however strong performance in Australian major bank senior debt complex in the first week of February is arguably bullish for AAA rated RMBS. We expect 2019 to be another busy year on the issuance front, with non-banks likely to remain active on the back of current originated volume. That said this trend looking forward may be more tenuous on the back of the Royal Commission targeting the mortgage broker fraternity, which is ultimately an anti-competitive act that will play into the hands of the incumbents (major banks).

On the performance front, our assessment of current holdings speaks to arrears and default levels remaining benign. This is likely to be supported further by the abatement of concerns around further tightening of financial conditions post Royal Commission recommendations and the potential for a further rate cut.

Additional Tier 1 (AT1) Exposures: → Our holdings within the AT1 sector remained unchanged over the month. The sub-sector enjoyed a bounce in prices after a weak December. We believe our AT1 holdings are undervalued. As a reminder our AT1 exposure is currently being taken through the USD AT1 market. This sub-sector is delivering a 1 to 2% pick up in yield over the Australian listed market with absolute yields upwards of 7% for major Australian Banks.

Asset Backed Securities (ABS): → Our ABS allocation remained unchanged over the month. Once again the big news related to the Royal commission. Announcements concerning the provision of both auto finance and point of sale funding will act to disrupt credit creation for many businesses. At the same time the exemption of small businesses will see small ticket commercial programs benefit. It will be interesting to see how these changes affect asset flow moving forward.

Targeted risk across the Fund: ↑ Portfolio risk increased modestly from 0.98% to 1%. Our key risk positions remain our USD AT1 holdings and longer duration corporate bonds. The portfolio could be considered as holding an overweight exposure to market risk given prevailing benchmark credit spreads, that said we believe current portfolio composition will deliver a result in excess of benchmark BBB corporate credit over the shorter to medium term.

Market Outlook

A strong month for credit markets with US High yield and IG markets strongly mean reverting. This flowed into the broader credit complex and was clearly reflected in the strong performance over the month.

The major change was driven by the Fed chair's statement that the case for interest rate rises had weakened. This is a key positive for credit markets, as lower risk free rates have tended to drive a reach for yield that is in general beneficial to total credit performance. The change seems to signal a turning point in the market narrative.

Across the pacific the PBOC loosened restrictions on bank lending focussed on supporting property developers, while also providing support to the Chinese AT1 (bank hybrid) market. These targeted actions will be supportive of Chinese credit. Given the large participation of Asian investors in Australian name deals we would expect that this will flow through to demand for our domestic assets. In the aggregate we see developments supporting the near term performance of the credit market.

Realm Investment House
ABN 34 155 984 955
AFSL 421 336

Level 17
500 Collins St
Melbourne VIC 3000

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

DISCLAIMER

Realm Pty Ltd ACN 155 984 955 AFSL 421336 (Realm) is the investment manager of the Realm High Income Fund (ARSN 159 673 533) (Fund). 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 and Wholesale Units PDS, Adviser Units PDS, Additional PDS (Dated 05 October 2017) and continuous disclosures may be obtained from <http://oneinvestment.com.au/realml/> 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 contents of this document. Realm only provides services to wholesale clients, as defined in section 761G of the Corporations Act. Past performance is not indicative of future performance. Information in this document is current as at 31 January 2019.

Sector Allocation

Sector	Asset Allocation Range	SAA Target
Cash	0% - 100%	10%
Government Bonds	0% - 100%	10%
Corporate Bonds	0% - 60%	10%
Corporate Hybrids	0% - 10%	5%
Bank Tier 1 Hybrids	0% - 25%	15%
Sub Debt Hybrids	0% - 25%	15%
RMBS	0% - 60%	30%
ABS	0% - 20%	5%

Fund details

Distribution Frequency: Monthly

Liquidity: Daily

Buy/Sell: 0.05% / 0.05%

Direct Minimum Investment:

Ordinary Units - \$25,000

Wholesale Units - \$1,000,000

Adviser Units - \$25,000

Inception Date: 26.9.2012

Fund size: AUD \$430 million

APIR Codes:

Ordinary Units - OMF0001AU

Wholesale Units - OMF009AU

Adviser Units - OMF0018AU

Management Fees (inc. GST):

Ordinary Units - 1.20%

Wholesale Units - 0.77%

Adviser Units - 0.77%

Responsible Entity: One Managed Investment Funds Ltd

Custodian: JP Morgan

Unit Pricing and Unit Price History:

www.realminvestments.com.au/media/4

Platform Availability

- BT Wrap
- BT Panorama
- Credit Suisse
- Crestone
- First Wrap
- Hub24
- Macquarie Wrap IDPS
- Managed Accounts – IAS
- Netwealth
- Powerwrap
- Praemium
- uXchange
- mFund Settlement Service - mFund code: RLM01