Realm Investment House
Suite 3, Level 6, 443 Lt Collins St, Melb VIC 3000
T 03 9008 7290
Enquiries: admin@realminvestments.com.au
www.realminvestments.com.au

March 2013 Quarterly Update

Realm High Income Fund

Fund Statistics as at March 13	
Credit Risk	2.18 years
Term Risk	2.16 years
Running Yield	7.18%
Unit Price[1]	$1.0335
Minimum Inv.	$25,000
Apps/Redemptions	Weekly
Distributions	Quarterly
Buy/Sell Spread	+/- 0.125%
APIR Code	OMF0001AU

Investment Objectives

To deliver regular income, while preserving capital over the medium term. The fund targets a return of 3% over the RBA cash rate after fees through the cycle.

Platform Availability

Powerwrap	OneVue
IAS	Linear

Fund Review: The fund built on the positive foundations of the last quarter to deliver a return of 1.87% net of fees for the quarter ending March 2013. The key contributors to outperformance included the continued strength in the portfolios asset backed debt, overweight positions in specific listed debt names and an increase in the funds Government bond allocation in the month of March.

The detractors from performance over the quarter were driven by a decision to hedge our credit exposure and maintain an overweight cash allocation through to the end of March. We note that we do maintain a natural bias towards credit given the return benchmark of 3% over cash, however we will seek to protect the portfolio actively from draw-downs which will lead to the fund maintaining a tactical position in Government bonds at times.

Market Review: January saw a euphoric rally in risk assets globally as the resolution of the fiscal cliff coupled with an increasingly benign European environment lead to a rush to get invested. As January ended our opinion was that various risk markets had started to show signs of over valuation as prices seemingly jumped ahead of the economic data. This was compounded in the second half of the quarter as various signs of the unsustainability of US economic momentum (versus a significant increase in expectations) coupled with a new evolution in the European debt crisis acted to impact our risk/return outlook for credit.

Specifically the discussion around the bail in consequences of the “Cypriot” solution has introduced an interesting new narrative around the pricing of unsecured senior bank debt. The decision by the European core to protect itself from losses at all cost, seemed to colour Mario Draghi’s “Whatever it takes” with a different connotation. The importance of challenging Governmental implicit support of its banking system is enormous, the reality is the market has up until now relied upon an assumption of Governmental support in a worst case.

In Australia the quarter provided a positive turn in terms of stats, with employment data beating significantly which in turn saw interest rate expectations rise, however leading indicators present a more challenging outlook, with commodities and material indices foreshadowing weakness in the up until now outperforming part of the Australian two speed economy. Australia remains heavily reliant on global funding markets, which drives our view that a sustained period of weakness in European credit will bleed into domestic spreads.

A Product Disclosure Statement is available from the product issuer, One Investment, or can be obtained upon request by email from admin@realminvestments.com.au, or from www.realminvestments.com.au.

Performance (Fund Inc 26 Sep 12)	One Month	Three Month	Six Months	Since Inc
Fund Return#	0.49%	1.76%	3.66%	3.67%
Fund Return including Franking##	0.54%	1.88%	3.77%	3.78%
RBA Cash Rate	0.25%	0.73%	1.53%	1.57%

#Unaudited performance – in calculating the NTA, RHIF asset values have been calculated using unaudited performance estimates for the month being reported. Past performance is not a reliable indicator of future performance. The Responsible Entity (One Managed Investment Funds Limited) and the Investment Manager provide no guarantee or assurance as to the future performance of the RHIF. The portfolio returns data in this table relates to a period of less than 12 months. ASIC Regulatory Guide 53 states that data relating to a period of less than 12 months will usually be insufficient to assist prospective investors to make a decision as to whether to invest in an investment vehicle. Accordingly, the Responsible Entity recommends that prospective investors obtain and read a copy of the PDS for the Fund before deciding whether to invest in the RHIF.

##Returns inclusive of franking credits are calculated by attributing a cash value to each franking credit. Figures including franking credits should not be relied upon an exact indication of performance or be compared to returns of other managed funds which do not include amounts for franking credit. The level of franking distributions may vary. Past performance is not a reliable indicator of future performance. The total net fund returns shown are prepared on the mid unit price basis (i.e. they include ongoing fees and expenses). They do not take your personal taxation into account.

[1]Cum Distribution NAV Price.

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Contact Us: Should you have any questions or comments relating to fund performance or positioning, Wholesale Investors and Advisor can contact Realm Investment House on on 03 9008-7290 or by email at admin@realminvestments.com.au. Retail Investors should contact their advisor or One Investments on info@oneinvestment.com.au or 02 8227 0000.

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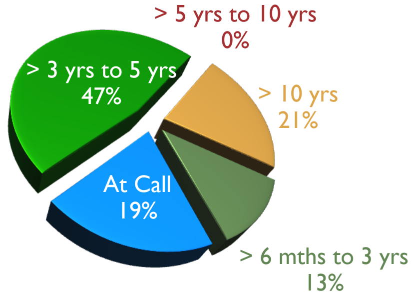
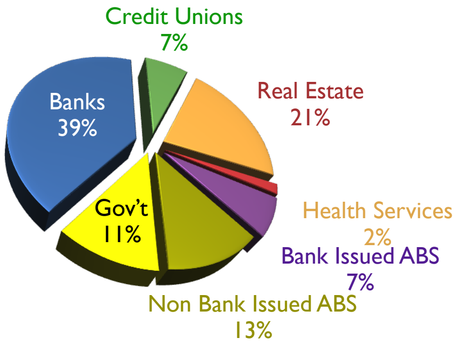
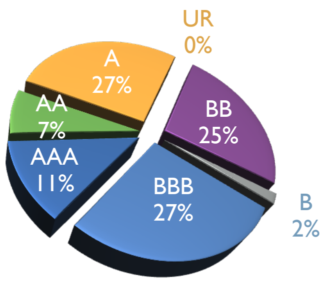
Term Allocation



Sector Allocation



Credit Quality



Fund Outlook: As at the beginning of the June quarter we maintain a view that domestic and indeed global unsecured credit spreads are not adequately reflecting Euro transmission risks and are perhaps being driven by over optimism around global economic outperformance. At the time of writing action by the Bank Of Japan, is directly impacting credit markets and largely off-setting the impact of Cyprus and has indeed allowed the market to gloss over new issues in Portugal and Greece.

In other sub-sectors the listed debt market is presenting moderate value around some of the short maturities (< 18 months), however the longer maturities (recent issues) might well be vulnerable to broader credit weakness. Specifically we note that non-bank hybrids will maintain a moderate correlation to headstock performance which could present a headwind as equities weaken.

In the case of Asset backed securities, they continue to present good relative value despite having performed strongly over the quarter. We will watch with interest to see how demand holds up during a background of broad based market weakness.

We did see strong issuance in this sector at the beginning of the year with CBA, Westpac and Bendigo all issuing into a strong market. There is a question around the markets capacity and appetite to keep supporting the subordinated part of this market as spreads tighten, this in some way is acting to provide a yield floor on this sub sector. We remain willing buyers at a price assuming the quality of issuance remains high and economic compensation for risk remains fair to good.

For the bond market, the aforementioned factors combined with the targeted bond buying program of the Bank Of Japan can be expected to be supportive of our tactical allocation in the near term.

It is fair to suggest that the status quo presents a challenging set of circumstances for investors, the Japanese stimulus and the broader willingness of Central banks to act, has continued to restrain any sell off in risk markets, the conundrum however is very simply provided by continuously deteriorating economic fundamentals out of Europe, a new paradigm in loss sharing as a consequence of Cyprus and the eventual consequences of the unprecedented Bank Of Japan actions.

In saying that we note that importantly Australian economic fundamentals continue to improve as rate cuts take effect, the most recent employment number and retail sales data provide clear evidence of this. Furthermore Credit markets here in Australia barely blinked during the Cyprus crisis and during the debate that followed. Australia as an economy is a major beneficiary of foreign investment and indeed our banks and largest corporates have become accustomed to relying on foreign capital markets to fund their balance sheets, meaning that a period of more sustained weakness will be reflected in domestic spreads. That said the scale of the Japanese action seems to have halted the Euro credit sell off over the quarter and settled risk markets, although the action poses more questions about Japan over the medium term than the answers it provides in the short term.

The objective for the quarter is to execute a transition from the Government bond portfolio and the cash allocation into Credit, however we need to see prevailing spreads properly reflect our concerns to enact this.