

Fund Objective

The Realm High Income Fund is a fixed income portfolio, 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	0.21%	0.24%	0.12%
3 Month	0.86%	0.98%	0.37%
6 Months	1.62%	1.87%	0.75%
1 Year	3.87%	4.34%	1.50%
2 Years p.a	4.68%	5.15%	1.64%
3 Years p.a	4.17%	4.64%	1.81%
4 Years p.a	4.79%	5.27%	1.98%
5 Years p.a	5.51%	N/A	2.14%
Since Inception p.a*	5.53%	5.28%	2.18%

* 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: ↓ by 11.63% to approximately 32.98%. This increase was primarily due to an increase in the government bond allocation.

Interest Rate Duration Position: → 0.21 years (remaining within band of 0.2 - 0.5 years dictated via the fund's technical overlay). Ten year yields in the US were moderately higher over the month, while Aussie 10 year yields were close to 13 basis points tighter. The spread between US 2 year and 10 year debt is back to end 2007 levels. Flatness of the US curve has motivated us to shorten the average tenor of our Government bond portfolio, while our net interest rate exposure has modestly declined. Our total allocation has increased which reflects the lower average weighted maturity of the portfolio.

Corporate & Subordinated Debt Allocation: → at 25.63%. Some movement around the edges over the month across our senior financial book to accommodate new transactions from NAB and BOQ (senior). Within the subordinated debt book we invested in Challengers new subordinated debt issue, while reducing our sub debt exposure to Westpac and Downer modestly. In non-bank names, we added to our Endeavour Energy (Utility) exposure and took a small position in QMS.

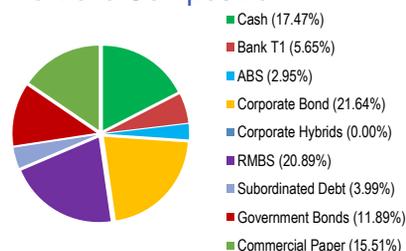
Residential Backed Securities (RMBS): ↑ Exposure increased moderately to 20.89%. The fund participated in the AOFM RMBS auction, with approximately 1.4% of the fund invested in well seasoned AAA tranches at competitive levels. At the same time paydowns kept the RMBS allocation at relatively neutral levels. The foreign interest in our market remains healthy, with European and Japanese investors particularly keen on the carry provided by Australian mortgages. By comparison highly rated RMBS/ABS in Europe and Japan trades for total return levels well under half a percent. The foreign interest won't be permanent, but while its here it will continue to provide strong support for primary issuance. Lower rated tranches are also well sought as high yield funds enjoy inflows which are inflating their bid as they try to maintain yield for income hungry retail investors.

Fund Statistics

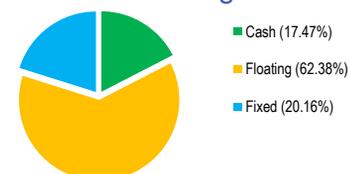
Running Yield	3.53%
Volatility†	0.41%
Interest rate duration	0.21
Credit duration	2.23
Average Credit Rating	A
Number of positions	145
Average position exposure	0.60%
Worst Month*	-0.47%
Best Month*	1.22%
Sharpe ratio†	3.16
Information Ratio†	3.22

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

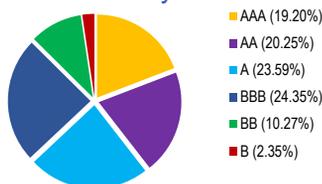
Portfolio Composition



Fixed and Floating Breakdown



Credit Quality



Maturity Profile



Additional Tier 1 (AT1) Exposures: ↑ Increased to 5.65%. Participated in the new issuance of Bendigo and BOQ (both less than 0.3% of portfolio). However, we did take a more meaningful position in the Tier 1 issue of Members Equity Bank. We are comfortable with the carrying valuation of the enterprise and feel that the new issuance premium of 5.25% over bills was fair at a time where most of the AT1 complex is expensive.

Asset Backed Securities (ABS): ↑ Exposures increased to 2.95%. This was driven by an investment into the auto program of Liberty Financial, the majority of which was rated A or higher.

Targeted risk across the Fund → has broadly remained in line with our targeted annualised standard deviation sitting at approximately 0.70%. Targeted standard deviation is generally lower than realised standard deviation in benign environments, such as now. We are attempting to hold our risk exposure at this level which broadly allows us to target a rate of return of 1.5% to 2.5% in excess of cash after fees. We would expect that our targeted level of risk (and as a consequence our return target) where valuations move closer to our fair outlook.

Market Outlook

Credit indices were on balance tighter over the month, however, not without some volatility. The first couple of weeks of November saw volatility rise in risk markets as doubts were cast over the likelihood of the Trump tax plan passing the senate. After John McCain exhibited his now customary intransigence towards the Trump agenda calling the tax plan “Dead On Arrival”, we saw a myriad of variations made that has ultimately seen the bill pass the Senate.

Significant fiscal accommodation into an economy that is already experiencing above trend economic momentum will create some interesting results. That said wage growth and inflation remains illusive globally. This has led to a push towards using the fiscal lever in the form of tax cuts and direct expenditure in a bid to drive investment and deliver a trickle down benefit to workers.

On our numbers the US long end still looks expensive, especially in light of the developments regarding the tax plan. Our current US momentum indicator sits at 0.77 standard deviations, which we would characterise as very strong. This number is almost unsustainably high. However, with the help of meaningful fiscal intervention, it would be very difficult to see it collapsing in the near term. The question is what you do with inflation if you actually awaken it? Can it be managed? Will it require meaningful monetary intervention to correct loose fiscal accommodation at the wrong time?

Most developed world global credit indices have tightened to Pre GFC levels, including Aussie ITRAXX which sits approximately 0.2% above where the market was before the first inklings of the US housing crisis. Bank capital and structured credit markets remain well wide of those same pre GFC levels. However, in aggregate the market is priced to reflect perfection. The radar remains reasonably clear which will continue to drive this complacency. In the background, however, risks continue to build, which necessitates caution. We continue to ration our at risk capital, focussing on delivering a competitive return while remaining cautious around total risk exposures.

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 \$350 million

APIR Codes:

Ordinary Units - OMF001AU

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
- mFund Settlement Service - mFund code: RLM01

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

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