

Realm Short Term Income Fund

March 2018



Fund Objective

The Realm Short Term Income Fund seeks to produce a return (net of fees) that exceeds the total return of the RBA Overnight Cash Rate by 1.50%-2.00% p.a. over rolling three-year periods.

Net Performance

Period	Ordinary Units	RBA Cash Rate Return
1 Month	0.29%	0.13%
3 Month	0.85%	0.37%
6 Month	1.50%	0.75%
12 Month	2.85%	1.50%
Since Inception	2.86%	1.50%

* Past performance is not indicative of future performance. * Ordinary units Inception 21 December 2017.

Fund Update

Cash and Short-Term Liquidity Weighting: ↑ Cash and short dated liquidity increased from 33% to 36%, this was driven by securities rolling down into the 12 month or less bucket.

Interest Rate Duration Position: → 0.11 years. The strategy will maintain interest rate duration of approximately 3 months as an average. However, the manager can increase interest rate exposure to as high as 1 year under certain conditions. The strategy will as a rule only take modest interest rate risk.

Corporate & Subordinated Debt Allocation: ↓ Reduced to 35% over the month as securities rolled into the short date liquidity bucket.

Residential Backed Securities (RMBS) & ABS: → Holdings of RMBS and ABS remained static over the months, as paydowns and maturities were replaced with ABS exposure and some short dated RMBS. We continue to expect busy issuance in 2019 with three new deals issued into the Australian market over the month and several others sounding. We believe this will allow us to replace maturing paper with new issuance at attractive levels.

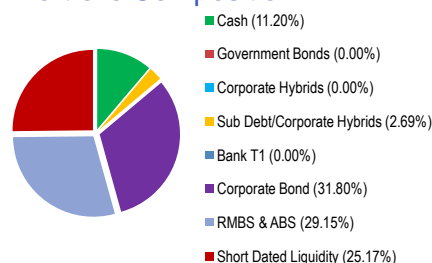
Targeted risk across the Fund: → Targeted portfolio tracking error remains around 0.60%. The portfolio remains defensively positioned, despite this the fund returned approximately 0.85% over the last quarter, after having delivered solid returns into the volatile last quarter of 2018. This is evidence that the strategy is well designed in that it delivers a reasonable premium over cash while maintaining a very tight distribution of returns month on month.

Fund Statistics

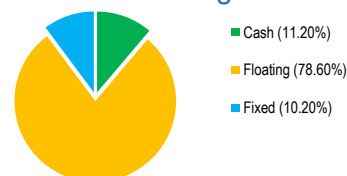
Running Yield	3.75%
Volatility†	0.14%
Interest rate duration	0.10
Credit duration	1.41
Average Credit Rating	A
Number of positions	58
Average position exposure	1.47%
Worst Month*	0.19%
Best Month*	0.29%
Sharpe ratio ^o	22.59
Information Ratio ^o	22.76

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

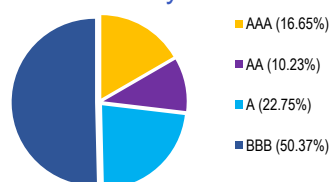
Portfolio Composition



Fixed and Floating Breakdown



Credit Quality



Maturity Profile



Market Outlook

The Realm Short Term Income Fund is a short duration low volatile strategy, providing sector diversity coupled with weighted credit duration of less than 1.5 years. In addition, an investment grade only credit quality limit will act to minimise portfolio volatility even during periods of heightened credit volatility.

While the portfolio can increase and decrease aggregate risk, this is managed in a tight band. The focus being on maintaining a competitive rate of return versus term deposits while guarding the portfolio against volatility and liquidity risk.

In instances of market volatility, investors will find that the portfolio will perform adequately with draw down risk mitigated by tight portfolio limits and portfolio diversity. The last quarter of 2018 being a case in point.

The big move over the month came in rates, where bonds roared higher on the back of central banks being covered by markets. Risk asset performance was choppy, with equity and credit up modestly while volatility indices were for the most part higher.

The capitulation of central banks to market sentiment seemed to spook participants on some level. While low rates have proven to be positive for risk markets in the post GFC period, this time around investors seemed to be more circumspect. The acronym FONGO (Fear Of Not Getting Out) has now emerged and acts as a counter balance to FOMO (Fear Of Missing Out).

Ultimately no one really wants to be holding risk if we are headed into a recession. In some way the market took the Feds action as a tacit nod to those who have been prognosticating a more severe deterioration in economic conditions. Our belief is that risks to the global economy are balanced to negative, however equally we feel central banks have over-reacted. If anything they may have sowed the seeds for the next run up in yields with their actions.

On to risk, we are not in the camp expecting imminent economic calamity. We believe that credit risk might only look fair to moderately dear in its own right, however in the context of where bond yields sit, and considering the fact that 65% of the worlds pension assets are dealing with defined benefit targets and deteriorating demographics, credit may well find a solid level of support over the coming months .

The Realm Short Term Fixed Income Fund's key focus is the preservation of capital. As such the strategy will generally outperform median credit managers in periods of weakness while still providing a competitive income return in periods of strength.

Sector Allocation

Sector	Asset Allocation Range	SAA Target
Cash	10% - 100%	10%
31 Day Notice Account	0% - 20%	10%
Government Bonds	0% - 90%	0%
Corporate Bonds	0% - 40%	25%
Sub Debt/Corporate Hybrids	0% - 20%	10%
RMBS & ABS	0% - 30%	25%
Short Dated Liquidity	0% - 60%	30%

Fund details

Distribution Frequency: Monthly

Liquidity: Daily

Buy/Sell: 0.00% / 0.00%

Direct Minimum Investment:

Ordinary Units - \$25,000

mFunds Units - \$25,000

Inception Date: 12.12.2017

Fund size: AUD \$68 million

APIR Codes:

Ordinary Units - OMF3725AU

mFunds Units - OMF8160AU

Management Fees (inc. GST):

Ordinary Units – 0.33%

mFunds Units – 0.39%

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

Platform Availability

- Hub24
- Powerwrap
- mFund Settlement Service - mFund code: RLM02

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