

### 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	0.27%	0.13%
3 Month	0.89%	0.38%
6 Month	1.65%	0.75%
12 Month	3.04%	1.50%
Since Inception	2.95%	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 decreased from 39% to 36%, of which paydowns and maturities accounted for approximately 1.4%.

**Interest Rate Duration Position:** → 0.10 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:** ↑ A net buying in the asset class saw our weighting increase to 36% from 32% over the month. The purchase was slightly skewed to senior unsecured debt.

**Residential Backed Securities (RMBS) & ABS:** → Remained static over the month. The structured credit portfolio is weighted at A+ with a weighted credit duration of 1.5 years. Big news over the month came in the form of an election result which was generally seen as being positive for property and APRA opening the door to repealing the 7.25% interest rate cap. With rates plunging and the pressure on collateral prices lifting, we would expect the market to become constructive for Australian RMBS risk moving forward.

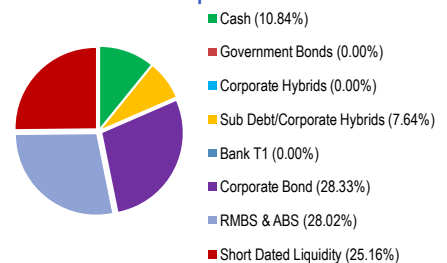
**Targeted risk across the Fund:** ↓ Targeted risk reduced to 0.4%. The portfolio remains defensively positioned, despite this the fund has met its return objective over the last 12 months delivering 3.04% after fees. This is evidence that the strategy is well designed in that it delivers a reasonable premium over cash while maintaining a very tight distribution of returns month on month.

### Fund Statistics

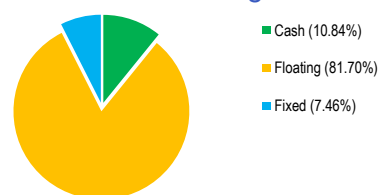
Running Yield	3.52%
Volatility†	0.12%
Interest rate duration	0.11
Credit duration	1.44
Average Credit Rating	A
Number of positions	52
Average position exposure	1.69%
Worst Month*	0.20%
Best Month*	0.33%
Sharpe ratio <sup>o</sup>	23.70
Information Ratio <sup>o</sup>	23.86

Calculated on Ordinary Units unless otherwise stated. \*Since Inception 21 December 2017.  
 †Trailing 12 Months Calculated on Daily observations. <sup>o</sup>Since Inception Calculated on Daily observations

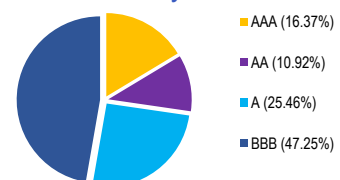
### Portfolio Composition



### 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.

To markets now, it was a tumultuous month as expectations around a positive resolution in the US / China trade détente evaporated and took with it global economic expectations.

This was evident across asset classes in the US market within bond's rallying, credit widening and equities plummeting. The risk off mood saw the portfolio give up some of the strong early month returns into the last week of May as Asian selling saw Aussie corporate names and USD AT1 experience a high level of volatility.

Here in Australia, none of that seemed to matter, with the coalition victory driving a strong market rally. APRA came to the party a few days later by signalling that they will be repealing the interest rate serviceability cap, which will allow an aggregate increase in household borrowing capacity, before Philip Lowe followed through with a well telegraphed rate cut.

All of that said the real eye opener was the performance of rates markets in the US. Using any fair stochastic approach leads us to taking the view that the market has either severely over shot or that data is set to deteriorate and fast.

Investors will be pushed to take a view as risk free rates collapse and risk premia becomes more attractive in relative terms. The sell off at the time of writing for credit could be described as being moderate, however with volatility persisting it could certainly weaken further.

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 \$71 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](http://www.realminvestments.com.au/media/4)

### Platform Availability

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

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