

# REALM GLOBAL HIGH INCOME FUND AUD

JULY 2025

REALM | INVESTMENT HOUSE

## FUND OBJECTIVE

The Realm Global High Income Fund AUD is a fixed income strategy, that invests in global asset backed securities, bank-issued securities and corporate bonds. The objective of the Fund is to deliver investors a consistent return (net of fees and gross of franking) of 2.5 - 3.5% over the RBA cash rate through a market cycle.

## FUND DETAILS

### Distribution Frequency:

Monthly

**Liquidity:** Daily

**Buy/Sell:** 0.05% / 0.05%

**Hedging:** Fully hedged to AUD

**Inception Date:** 16.11.2023

**Fund size:** AUD \$308 million

**Management Fees (Net of GST):**

0.7175%

**Direct Minimum**

**Investment:**

Ordinary Units - \$25,000

Zenith

RECOMMENDED



## NET PERFORMANCE

Period	Global High Income Fund AUD*	RBA Cash Rate Return*
1 Month	1.16%	0.32%
3 Month	3.71%	0.97%
6 Month	3.91%	1.97%
9 Month	6.61%	3.07%
1 Year	9.12%	4.19%
Since Inception p.a.*	12.91%	4.24%

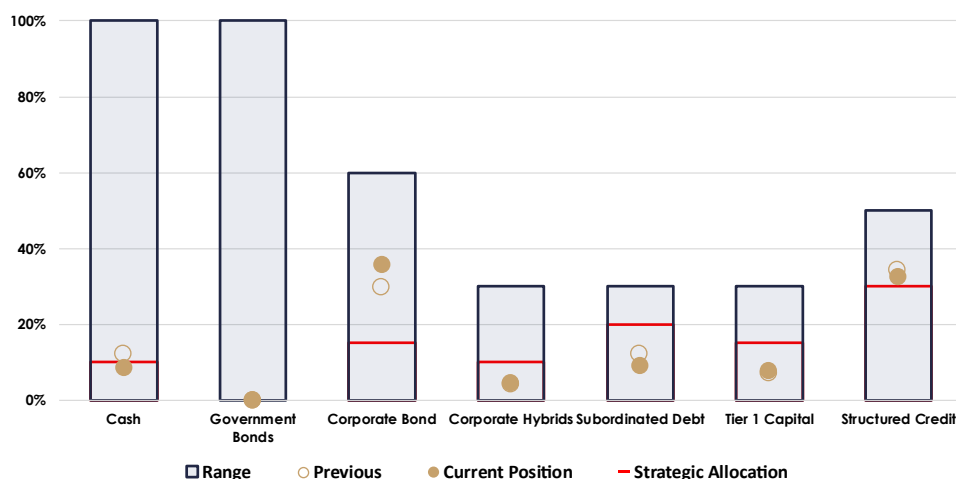
\*Past performance is not indicative of future performance. Fund inception 16 November 2023.

## FUND STATISTICS

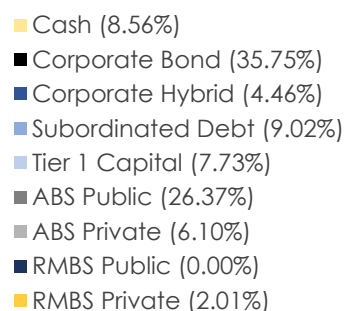
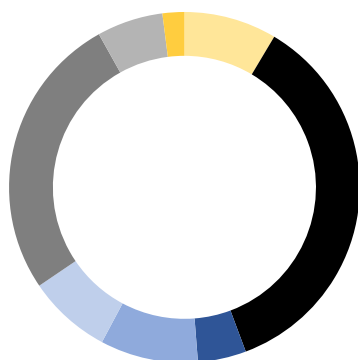
Running Yield	6.37%
Yield to Maturity	6.79%
Volatility†	1.69%
Interest rate duration	1.05
Credit duration	3.84
Average Credit Rating	BBB
Number of positions	159
Average position exposure	0.50%
Worst Month*	-0.35%
Best Month*	2.22%
Sharpe ratio <sup>2</sup>	4.88

†Trailing 12 Months Calculated on Daily observations. <sup>2</sup>Since Inception Calculated on Daily observations

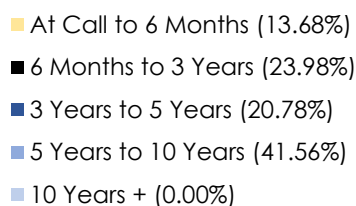
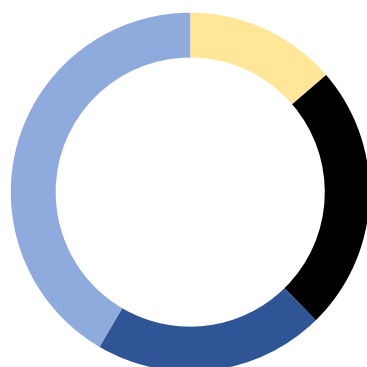
## SECTOR ALLOCATION



## PORTFOLIO COMPOSITION



## CREDIT DURATION PROFILE



## FUND UPDATE

**Cash and Short-Term Liquidity:** ↓ The allocation to cash and short-term liquidity decreased from 12.26% to 8.56%. This mainly reflected an increased allocation to Corporate Bonds and ABS Private which was offset by decreased allocations to Subordinated Debt and ABS Public.

**Corporate Bond, Corporate Hybrids & Subordinated Debt:** ↑ Weighting to corporate bonds, corporate hybrids and subordinated debt increased from 46.33% to 49.23%. Credit spreads continued to tighten through July, reaching the tightness seen prior to Liberation Day with economic optimism again driving investor sentiment. In response, the fund took profit in T2 bank capital with proceeds reinvested into corporate bonds. This included senior primary offerings from the Port of Newcastle in AUD and Japanese conglomerate NTT in USD – both performed strongly in the secondary market. Overall primary activity was more constrained during July given the usual European summer lull which saw participants there on the sidelines.

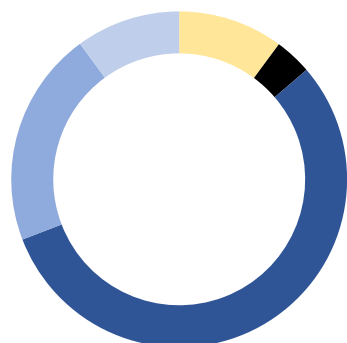
**Tier 1 Capital:** ↑ Weighting to T1 capital increased slightly from 7.16% to 7.73%. Global bank T1 outperformed over the month, however Insurance T1's underperformed which provided the fund an opportunity to add to this sector. Meanwhile, 2Q25 earnings from global financials continued to be positive, highlighting the strength of operating diversified institutions which paved the way for successful issuance. During the month, notable issuers were Bank of America, Citi, Santander, and SocGen's insurance arm. The fund did not participate in new issues due to expensive valuations.

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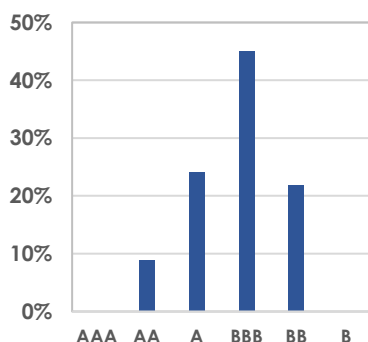
REALM INVESTMENT HOUSE

## GEOGRAPHIC EXPOSURE



- Australian/NZ Domiciled Issuer & Cash (10.12%)
- Asian Domiciled Issuer (3.58%)
- North America Domiciled Issuer (55.46%)
- Europe Domiciled Issuer (20.79%)
- United Kingdom Domiciled Issuer (10.05%)

## CREDIT QUALITY



## PORTFOLIO ESG RISK LIMITS

Sector	Portfolio Exposure	Portfolio Limit
Fossil Fuels	4.8%	10%
Non-Renewable & Nuclear Energy	0.00%	10%
Alcohol	0.00%	10%
Gambling	0.00%	10%

**Structured Credit (ABS/CLO):** ↑ ABS/CLO weighting increased over the month from 34.25% to 34.48%. CLOs along with the broader market had another strong month. AAA spreads managed to get to 130bps mark in primary issue, with clean new issue BB spreads pushing through 500bps in the US – back to Q1 2025 tight. There was a notable pick up in resets and refinances, with high coupon deals that priced in 2023 coming to the end of their non-call periods. Secondary markets saw the usual increase in equity trading given July was a payment month for the majority of CLOs. Europe saw a spike of activity in July as issuers sought to get deals printed before the August month off. Median CCCs in CLOs increased slightly in the US to 4.5%; Europe moved from 3.6% to 4.1%. July saw a record of \$210bn of loan new issue launches, with another €13bn in Europe. While a few new money deals continue, the story this month was all about the return of repricings. Despite the volume, the US loan index rose 34c to 97.41 with CLOs and ETFs absorbing the supply relatively well. The European index rose 5c to 97.75, and with the European summer expected quiet for new issue, any activity will be focused in secondary.

**Interest Rate Duration Position:** ↑ IRD positioning increased from 0.87 to 1.05 years as the US term structure steepened in the first half of the month. Bond implied volatility moved lower in a whipsaw pattern. US yields rose during the first half of the month on Trump's expansionary One Big Beautiful Bill being passed and as a number of trade deals and sector specific tariff levels were announced. Some evidence of tariffs being passed through to consumers was also apparent in the US CPI numbers for June although corporations absorbed much of the tariff impact in their margins. US yields then partially retraced on increased calls for rate cuts, direct criticism of Fed Chair Powell's leadership from Trump, and on risk aversion as the August 1 tariff deadline approached. The Fed ultimately left rates unchanged at their 30/7 meeting and Trump announced further tariff levels at the deadline with the average effective US tariff rate heading towards 15-16%. US 10-year yields rose from 4.22% to 4.37% over the month. Australian 10-year yields rose from 4.16% to 4.26%.

**Targeted risk across the Fund:** ↓ Targeted portfolio risk decreased slightly from 2.58% to 2.57% due to switching from higher risk subordinated debt investments to corporate bonds. Credit duration increased (from 3.66 years to 3.84 years). Interest rate duration increased over the month (from 0.87 years to 1.05 years).

## PLATFORM AVAILABILITY

- Australian Money Market (AMM)
- AMP North
- BT Panorama
- CFS Edge
- HUB24
- Macquarie Wrap
- Mason Stevens
- Netwealth
- Powerwrap
- Praemium
- Xplore Wealth

## OTHER FUND DETAILS

### Responsible Entity:

One Managed Investment Funds Ltd

**Custodian:** State Street Australia Limited

### Unit Pricing and Unit Price

### History:

<https://www.realminvestments.com.au/our-products/realm-global-high-income-fund/>

## FUND OVERVIEW

Risk assets extended their rally in July as trade tensions eased. The US secured trade deals with several countries ahead of the 1 August deadline, including agreements with the EU and Japan. Talks with China appear to be proceeding constructively.

The S&P 500 advanced 2.2% in July to finish at all-time highs. Credit markets also rallied, with the Bloomberg US Corporate Baa-rated Option Adjusted Spread finishing the month 7bps tighter at 0.95%.

Bond yields drifted higher, led by the short end as rate cut expectations were pared back. This benefited the US dollar, which recorded its first monthly increase (+3.3%) this year. The Fed left rates unchanged at 4.25-4.5%, with Fed Chair Powell reaffirming the Fed's 'wait and see' approach and offering no guidance to a September cut. In response, President Trump ramped up his ad hominem attacks, though ultimately downplayed the idea of removing Powell before the end of his term. The RBA surprised markets by leaving rates unchanged at 3.85%, opting against the 25bp cut that had been widely anticipated. Governor Bullock later clarified that the decision was about timing rather than direction. The ECB also left rates on hold at 2%, pausing its year-long easing cycle.

US economic data was mixed. While upside surprises in Q2 GDP and June retail sales and industrial production demonstrated ongoing robustness in hard data, the 'resilience' narrative was challenged by a weak July payrolls report, which included significant downward revisions to historical payrolls (the largest downward revisions since 1968 outside of recessions). Bureau of Labor Statistics commissioner McEntarfer was fired by Trump hours following the report's release. Meanwhile, inflation data revealed that tariff impacts are starting to flow through to prices, although corporations have been absorbing them to a large extent thus far.

The fund achieved a strong result (1.16%) in July, outperforming the RBA Cash Rate (0.32%). This extends the strong performance achieved since inception (16 Nov 2023) to 12.91% pa, which has comfortably exceeded the cash rate return of 4.24% pa. Contributions to the outperformance were broad but led by Structured Credit and Corporate Bonds.

The portfolio's yield to maturity increased to 6.79% (p6.52%) and continues to provide a reasonable prospect of meeting the investment objectives over the medium term. The portfolio's interest rate duration was extended to 1.05 (p0.87) as the US term structure steepened in the first half of the month. Credit duration was also extended to 3.84yrs (p3.66), while the credit rating remained unchanged at BBB.

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## FUND OVERVIEW

The portfolio continued to increase its overweight position in Corporate Bonds, driven by relative value considerations, while trimming positions in Subordinated Debt. Cash holdings were consequently brought back to benchmark levels.

The overweight position in Corporate Bonds is defensively positioned with a relatively short credit duration and credit quality which is higher than expected over the longer term. These exposures are evenly weighted between US and European issuers and favour senior bank paper.

The overweight position in Structured Credit was trimmed slightly. These exposures are highly diverse (over 30 issuers) and are weighted towards the US where valuations are cheapest.

Overall, the portfolio is conservatively postured and remains well-positioned to take advantage of trading opportunities should they arise. Although drawdowns are possible if trade tensions re-escalate, the likelihood of a negative return over a 12-month period remains low due to the high starting point for Yield to Maturity.

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