REALM GLOBAL HIGH INCOME FUND AUD

MAY 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 $264 million
Management Fees (Net of GST): 0.7175%
Direct Minimum Investment: Ordinary Units - $25,000

Zenith RECOMMENDED

Investment Grade Lonsec Research

NET PERFORMANCE

Period	Global High Income Fund AUD*	RBA Cash Rate Return*
1 Month	1.56%	0.34%
3 Month	0.96%	1.02%
6 Month	3.90%	2.07%
9 Month	6.64%	3.17%
1 Year	8.63%	4.27%
Since Inception p.a.*	12.86%	4.29%

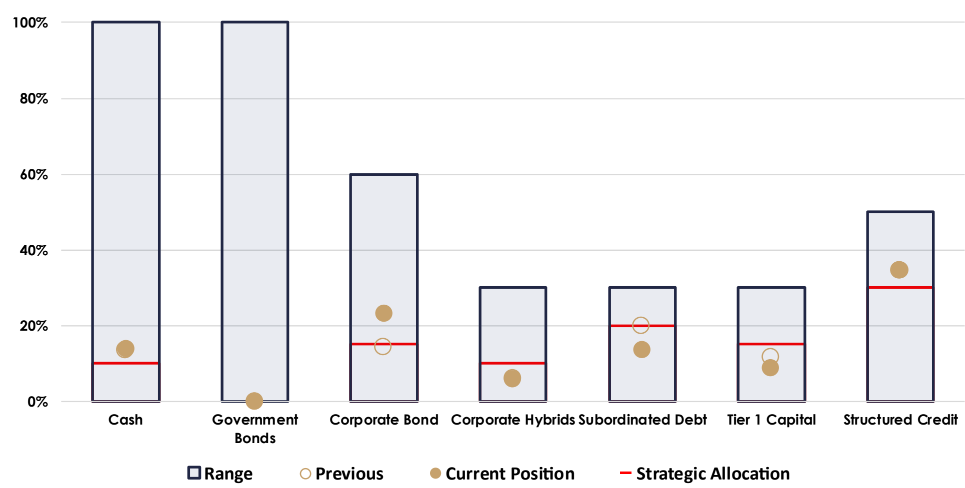
*Past performance is not indicative of future performance.
Inception 16 November 2023.

FUND STATISTICS

Running Yield	6.57%
Yield to Maturity	6.99%
Volatility†	1.77%
Interest rate duration	0.84
Credit duration	3.75
Average Credit Rating	BBB
Number of positions	155
Average position exposure	0.48%
Worst Month*	-0.35%
Best Month*	2.22%
Sharpe ratio∂	4.54

†Trailing 12 Months Calculated on Daily observations. ∂Since Inception Calculated on Daily observations

SECTOR ALLOCATION



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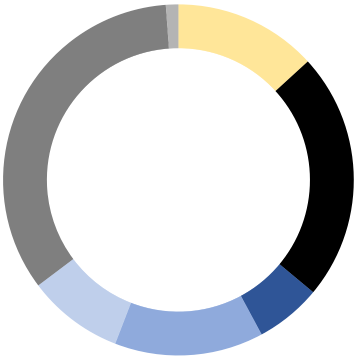
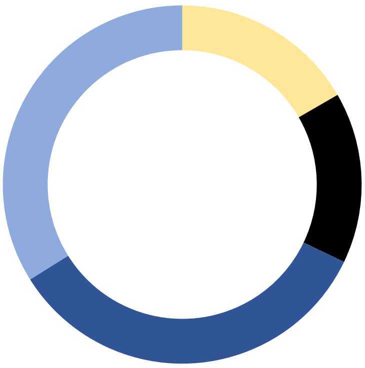
PORTFOLIO COMPOSITION



CREDIT DURATION PROFILE



FUND UPDATE

Cash and Short-Term Liquidity: ↑ The allocation to cash and short-term liquidity increased from 13.50% to 13.79%. This mainly reflected a decreased allocation to Subordinated Debt and Tier 1 Capital, which was slightly offset by an increase to Corporate Bonds.

Corporate Bond, Corporate Hybrids & Subordinated Debt: ↑ Weighting to corporate bonds, corporate hybrids and subordinated debt increased from 40.25% to 42.71%. Credit spreads meaningfully recovered from the "Liberation Day" wides reached in April, with sentiment improving as the Trump administration hit the pause button on previously announced import tariffs as part of new negotiations with its trading partners. During the month, the fund rotated out of Kangaroo T2 bank capital with proceeds further reinvested into longer dated corporate bonds in US dollars which continued to present relative value. Primary markets remained productive with the fund participating in several new transactions in Euros, including senior deals from data centre REIT Equinix and a debut from public transport company Transdev, along with a new T2 from HSBC.

Tier 1 Capital: ↓ Weighting to T1 capital decreased from 11.60% to 8.74%. Global T1 credit spreads continued to recover over the month, reaching pre-liberation day valuations. This allowed the fund to take profit on positions, where in some instances at levels dearer than pre-Liberation Day. The improved sentiment saw a pick-up in primary issuance which saw the fund participate in various deals. Notable deals include Barclays, HSBC, AXA and KBC.

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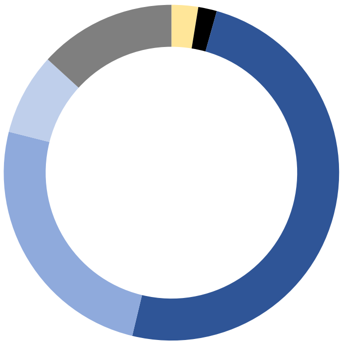
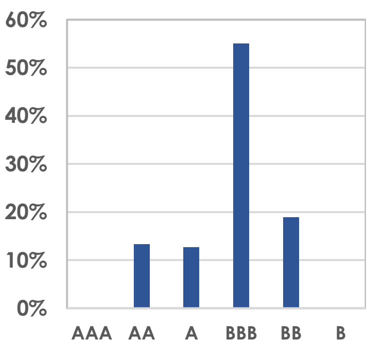
GEOGRAPHIC EXPOSURE



- Australian/NZ Domiciled Issuer (2.57%)
- Asian Domicilied Issuer (1.79%)
- North America Domiciled Issuer (49.39%)
- Europe Domiciled Issuer (25.16%)
- United Kingdom Domiciled Issuer (7.87%)
- Cash (13.21%)

CREDIT QUALITY



PORTFOLIO ESG RISK LIMITS

Sector	Portfolio Exposure	Portfolio Limit
Fossil Fuels	0.1%	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 34.63% to 34.77%. The market volatility generated from Liberation Day proved to be relatively short-lived, with CLO markets rallying strongly in May. CLO AAA spreads tightened over 15bps in the US and Europe, with BB spreads tightening around 80-90bps in the US and around 60bps in Europe at the headline level. New issuance came back to life with the recovery in secondary spreads, as many deals delayed in April wasted no time to come to market. Secondary markets continued to be active but fewer good quality discount opportunities emerged. There was an increase in lower quality bonds on offer as investors tried to use the market rally to clean up riskier positions. Median CCCs in CLOs held steady in the US at 4.5% with Europe rising a little to 3.8%. As with CLOs. Loan prices had a strong rebound in May, with the US and European indices up 97c and 95c lower over the month respectively. Loan issuance also reemerged in May with over $38bn of deals in the US and E7.4bn in Europe, with a notable increase in new money M&A deals amounting to around 40-60% of volume.

Interest Rate Duration Position: ↑ IRD positioning increased from 0.64 to 0.84 years as the term structure steepened. Bond volatility trended down over the month due to a combination of April non-farm payrolls data holding up better than expected and some de-escalation in trade tensions between the US and China, and also some delays in EU tariffs announced later in the month, with the deadline being pushed out to July 9 with some commentators coining the "TACO" (Trump Always Chickens Out) trade. US yields also rose on fears of unsustainable budget deficits which were brought into focus by the Moody's downgrade of the US sovereign from AAA to Aa1 on May 16, with fears that passing Trump's "One Big Beautiful Bill" of tax cuts and changes to spending programs would only add to this negative debt trajectory. US 10-year bond yields rose by 24bps from 4.16% to 4.40%, whilst domestically Australian 10-year bonds rose by 10bps from 4.16% to 4.26 % over the month, with the RBA cutting rates on May 20. As at the end of the month, the swaps market expects the Fed and RBA to cut 2.2 and 3.1 more times respectively over the course of 2025.

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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/

Targeted risk across the Fund: ↑ Targeted portfolio risk increased from 1.92% to 2.62%. This reflected increased credit and interest rate duration. Credit duration increased (from 3.58 years to 3.75 years). Interest rate duration increased over the month (from 0.67 years to 0.84 years).

FUND OVERVIEW

Risk markets rebounded in May, following an easing of trade tensions between the US and China, the announcement of a framework in negotiations with the UK, and Germany's announcement of a significant step-up in military and infrastructure investment. Equity markets reacted positively to this development, with the S&P 500 (+6.2%) enjoying its best month since November 2023. VIX dropped back below 20, a level that is typically indicative of normal market conditions. Credit markets also rallied, with the Bloomberg US Corporate Baa-rated Option Adjusted Spread tightening 20bps to 1.10%.

The US Treasury market, in contrast, remained under pressure. Concerns around US fiscal sustainability were exacerbated by the passing of the 'One Big Beautiful Bill Act' through the House of Representatives, and by Moody's belated downgrade of the US sovereign credit rating to Aa1. Section 899 of the Act, which allows for retaliatory taxes on US sourced earnings which may also apply to foreign governments, has emerged as a source of event risk.

WTI rose 4.4% to $60 per barrel amid renewed escalation in the Russia-Ukraine conflict, easing in trade-related concerns, and fluctuating perceptions on the progress of the US-Iran nuclear negotiations.

The Fed, as widely anticipated, left the funds rate unchanged at 4.25-4.5%. The RBA, meanwhile, delivered a 'dovish' rate cut of 25bps to 3.85%, with the Board acknowledging that a 50bp cut had been considered. Whilst the outlook for Australia has become less certain, it remains unlikely to experience a recession. The ECB also cut rates with President Lagarde indicating that the rate cutting cycle is nearing an end. Uncertainty about whether tariffs would result in another round of sticky inflation is front of mind, but markets continue to be driven primarily by the outlook for growth. The replacement for Fed Chair Powell, whose term expires in May 2026, will be announced soon.

The economic outlook for the US was buoyed by a stronger than expected Non-Farm Payrolls outcome. The impact of trade uncertainties was evident in the PMIs which generally showed very subdued outcomes for the month in key economies.

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FUND OVERVIEW

The fund achieved a strong result (1.56%) in May, outperforming the RBA Cash Rate (0.34%). This extends the strong performance achieved since inception (16 Nov 2023) to 12.86% pa, which has comfortably exceeded the cash rate return of 4.29% pa.

Contributions to the outperformance were broad but led by Structured Credit, Corporate Hybrids and Subordinated Debt.

The portfolio's yield to maturity decreased to 6.99% (p7.68%) as credit spreads tightened during the month. As the term structure of key global bond markets steepened, the portfolio's interest rate duration was extended to 0.84yrs (p0.67). Credit duration was also extended to 3.75yrs (p3.58), while the credit rating remained unchanged at BBB.

Portfolio activity largely consisted of a rotation out of Bank T1 and T2 instruments and into Corporate Bonds, driven by relative value considerations. As a result, the portfolio now holds an overweight position in Corporate Bonds, while exposures to bank capital instruments are underweight.

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

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

With Cash at above-benchmark levels, the portfolio is 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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REALM INVESTMENT HOUSE CONTACTS

DISTRIBUTION

Broc McCauley
Head of Distribution
T: 0433 169 668
E: broc.m@realminvestments.com.au

Matthew Blair
Senior Distribution Manager
NSW/QLD
T: 0424 837 522
E: matthew.b@realminvestments.com.au

John Hawkins
Distribution Manager
VIC/WA
T: 0408 841 886
E: john.h@realminvestments.com.au

Finbarr Warren
Distribution Analyst
NSW/SA/TAS
T: 0405 543 196
E: finbarr.w@realminvestments.com.au

Rhys Kostopoulos
Client Services
T: 03 9112 1150
E: rhys.k@realminvestments.com.au

LEVEL 17, 500 Collins Street
Melbourne VIC 3000

LEVEL 6, 31 Market Street
Sydney NSW 2000

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