# REALM GLOBAL HIGH INCOME FUND AUD

**OCTOBER 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 $399 million
**Management Fees (Net of GST):** 0.7175%
**Direct Minimum Investment:** Ordinary Units - $25,000

Zenith RECOMMENDED

Recommended Lonsec Research

## NET PERFORMANCE

| Period | Global High Income Fund AUD* | RBA Cash Rate Return* |
|---|---|---|
| 1 Month | 0.44% | 0.30% |
| 3 Month | 1.98% | 0.90% |
| 6 Month | 5.76% | 1.88% |
| 9 Month | 5.96% | 2.89% |
| 1 Year | 8.71% | 4.00% |
| Since Inception p.a.* | 12.28% | 4.16% |

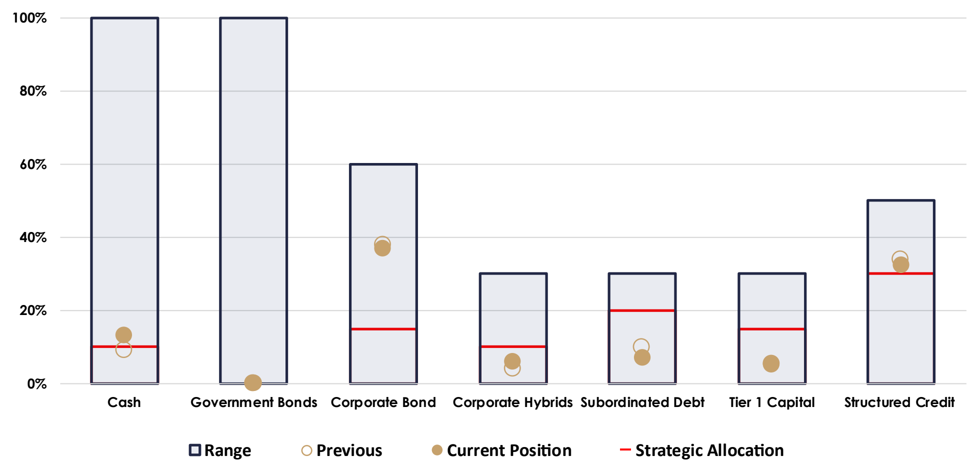
*Past performance is not indicative of future performance. Fund inception 16 November 2023.

## FUND STATISTICS

| | |
|---|---|
| Running Yield | 6.12% |
| Yield to Maturity | 6.29% |
| Volatility† | 1.59% |
| Interest rate duration | 0.86 |
| Credit duration | 3.07 |
| Average Credit Rating | BBB |
| Number of positions | 168 |
| Average position exposure | 0.56% |
| Worst Month* | -0.35% |
| Best Month* | 2.22% |
| Sharpe ratio∂ | 4.80 |

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

## SECTOR ALLOCATION



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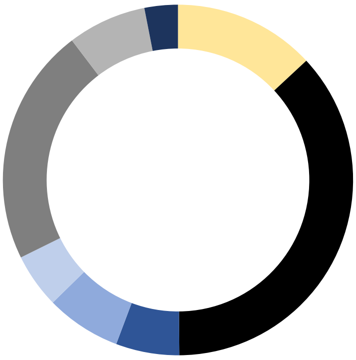
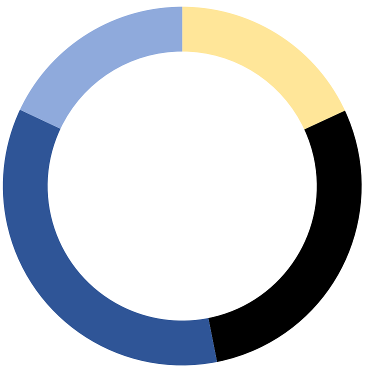
## PORTFOLIO COMPOSITION



- Cash (13.09%)
- Corporate Bond (36.78%)
- Corporate Hybrid (5.86%)
- Subordinated Debt (6.94%)
- Tier 1 Capital (5.04%)
- ABS Public (21.93%)
- ABS Private (7.27%)
- RMBS Private (3.08%)

## CREDIT DURATION PROFILE



- At Call to 6 Months (18.09%)
- 6 Months to 3 Years (28.80%)
- 3 Years to 5 Years (35.11%)
- 5 Years to 10 Years (18.00%)

## FUND UPDATE

**Cash and Short-Term Liquidity:** ↑ The allocation to cash and short-term liquidity increased from 8.82% to 13.09%. This mainly reflected reduced allocations to Subordinated Debt, Corporate Bonds, and ABS Public which was offset by an increased allocation to Corporate Hybrids.

**Corporate Bond, Corporate Hybrids & Subordinated Debt:** ↓ Weighting to corporate bonds, corporate hybrids and subordinated debt decreased from 51.89% to 49.58%. Volatility and credit spreads spiked in October, as concerns gathered around the collapse of Tricolor and First Brands and its implications on the US private credit market. This provided the opportunity to add to US Business Development Companies, which proved fruitful as the sector recovered modestly into month end. While opportunities in primary markets were limited, the fund did participate in a Tier 2 from Nationwide Building Society in GBP and an AUD corporate hybrid from Lendlease. Both performed well in secondary market trading.

**Tier 1 Capital:** ↓ Weighting to Tier 1 capital edged down from 5.31% to 5.04%. Global Tier 1's widened through most of October before tightening into month-end, ending broadly flat. The fund kept positioning broadly unchanged as other global sectors offered better relative value. 3Q25 bank earnings showed increased dispersion but remained broadly constructive, underscoring the resilience of well-diversified financial institutions. Primary markets remained active as AXA and Generali issued new Tier 1 capital- though valuations remained too expensive for participation.

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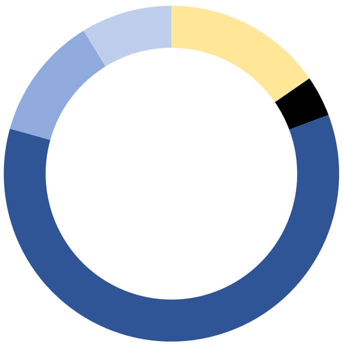
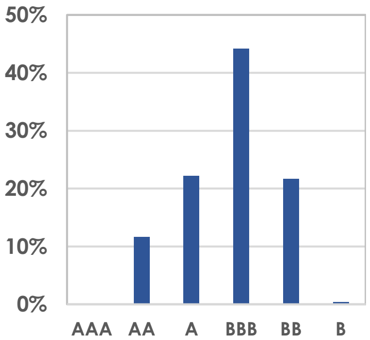
## GEOGRAPHIC EXPOSURE



- Australian/NZ Domiciled Issuer & Cash (15.39%)
- Asian Domiciled Issuer (3.93%)
- North America Domiciled Issuer (60.00%)
- Europe Domiciled Issuer (11.90%)
- United Kingdom Domiciled Issuer (8.78%)

## CREDIT QUALITY




## PORTFOLIO ESG RISK LIMITS

| Sector | Portfolio Exposure | Portfolio Limit |
|---|---|---|
| Fossil Fuels | 4.2% | 10% |
| Non-Renewable & Nuclear Energy | 0.1% | 10% |
| Alcohol | 0.00% | 10% |
| Gambling | 0.00% | 10% |

**Structured Credit (ABS/CLO):** ↓ ABS/CLO weighting decreased over the month from 33.99% to 32.26%. Global structured credit was wider over the month, particularly in CLO space where loan pricing in the lower rated part of the universe came under pressure after the fall out from the First Brands bankruptcy filing. AAA spreads were out around to mid120bps in primary, and BB spreads in secondary wider around 25bps. New issue despite this noise remains active, particularly clean new issue where mezz is notably tighter to resets/refis, Coupled with the amount of issuance still waiting to come to market, new issue mezzanine spreads have moved wider. Median CCCs in CLOs ticked were stable over the month, remaining at 4.3% in the US and 3.7% in Europe. Loan issuance volume was modest in October given the loan index pressure, but remained open for higher quality issuers. The US loan index fell 40c to 96.67 and Europe index's fell 70c to 96.63 following concerns around lower rated issuers in the indices.

**Interest Rate Duration Position:** ↓IRD positioning decreased from 1.09 to 0.86 years as the US yield curve bull flattened. US 10-year bond yields fell by 8bps from 4.15% to 4.07%. The start of October saw the onset of the US Government shutdown as well as weak ADP jobs and US ISM manufacturing data for September which led to yields falling. The threat of escalation of Trump tariffs on China in response to export controls on rare earths also led to a leg lower in yields mid-month although these concerns subsequently eased. The fall in nominal yields was driven primarily by lower breakeven inflation rates. The Fed cut rates by 25bps late in the month as expected although Fed Chair Powell stated another cut in December is not a foregone conclusion.

**Targeted risk across the Fund**: ↓ Targeted portfolio risk decreased from 2.61% to 2.10%, due to reduced credit duration (from 3.82 years to 3.07 years). Interest rate duration decreased over the month (from 1.10 years to 0.90 years).

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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/

## FUND OVERVIEW

Volatility returned to markets in October as US-China trade tensions re-escalated. These flared in early October when President Trump threatened to retaliate against China's proposed rare earth export controls. The situation had calmed by month-end.

Equity markets finished the month higher, with the S&P 500 advancing 2.3%. Several major AI partnerships were announced by leading tech firms during the month. In Japan, the Nikkei 225 surged 16.6% after Sanae Takaichi was elected prime minister. She is reportedly a proponent of further stimulus.

In credit markets, corporate spreads widened following the collapse of auto parts manufacturer First Brands and subprime lender Tricolor Holdings. Contagion fears also emerged following the disclosure of bad loans from regional banks Zions Bancorp and Western Alliance. The Bloomberg US Corporate Baa-rated Option Adjusted Spread finished the month 6bps wider at 0.98%.

Global bond yields generally declined over the month after US inflation data came in softer than expected and continued to show limited pass-through from tariffs. Risk aversion related to the US Government shutdown and tariff escalation also contributed. The fall was partially reversed towards month-end following hawkish statements from the Fed. It cut rates by 25bps and announced plans to end quantitative tightening on December 1. The US dollar advanced 2.1% over the month.

In Australia, short-end bond yields rose over the month as inflation data surprised to the upside, leading the RBA to hold rates at 3.6%. The ECB also left rates on hold at 2% and may be at the end of its rate cycle.
Gold (+3.7%) continued to rally, finishing the month above $4000 an ounce, amid heightened geopolitical uncertainty.
The fund achieved a solid result (0.44%) in October, outperforming the RBA Cash Rate (0.30%). Contributions to the outperformance were broad but led by Corporate Bonds.

The portfolio's yield to maturity decreased to 6.29% (p6.42%) as Cash holdings were increased. As the term structure of key global bond markets flattened, the portfolio's interest rate duration was shortened to 0.86 years (p1.09). Credit duration was also shortened to 3.07 years (p3.82) as we rotated into shorter dated corporates on relative value considerations. The portfolio credit rating remained unchanged at BBB.

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## FUND OVERVIEW

Portfolio activity saw a slight de-risking, with overweight positions in Corporate Bonds and Structured Credit reduced, and Cash increasing to above-benchmark levels. Subordinated Debt positions were also trimmed and remain well below benchmark.

The overweight position in Corporate Bonds remains defensively positioned with a BBB+ rating and is largely held in US senior bank paper. The overweight position in Structured Credit is highly diverse (over 30 issuers) and is also 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 or geopolitical tensions re-escalate, the likelihood of a negative return over a 12-month period remains limited due to the high starting point for Yield to Maturity.


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