REALM HIGH INCOME FUND

FEBRUARY 2026

REALM INVESTMENT HOUSE

FUND OBJECTIVE

The Realm High Income Fund is a fixed income strategy, that invests in domestic asset backed securities, bank-issued securities and corporate & government bonds. The objective of the Fund is to deliver investors a consistent return (net of fees and gross of franking) of 3% over the RBA cash rate through a market cycle.

FUND DETAILS

Distribution Frequency: Monthly
Liquidity: Daily
Buy/Sell: 0.05% / 0.05%
Inception Date: 26.9.2012
Fund size: AUD $2.69 billion
Management Fees (Net of GST):
Ordinary Units - 1.1182%
Wholesale, Adviser, & mFunds Units - 0.7175%
Direct Minimum Investment:
Ordinary, Adviser Units - $25,000
Wholesale Units -$1,000,000
mFund Units - $10,000

Zenith RECOMMENDED

Recommended Lonsec Research

NET PERFORMANCE

Period	Ordinary Units* (incl. franking)	Wholesale Units* (incl. franking)	RBA Cash Rate Return*
1 Month	0.14%	0.16%	0.29%
3 Month	0.85%	0.95%	0.89%
6 Months	2.25%	2.43%	1.78%
1 Year	5.24%	5.66%	3.77%
3 Years p.a.	7.87%	8.31%	4.06%
5 Years p.a.	5.80%	6.23%	2.80%
10 Years p.a.	4.99%	5.43%	1.99%
Since Inception p.a.*	5.15%	5.33%	2.11%

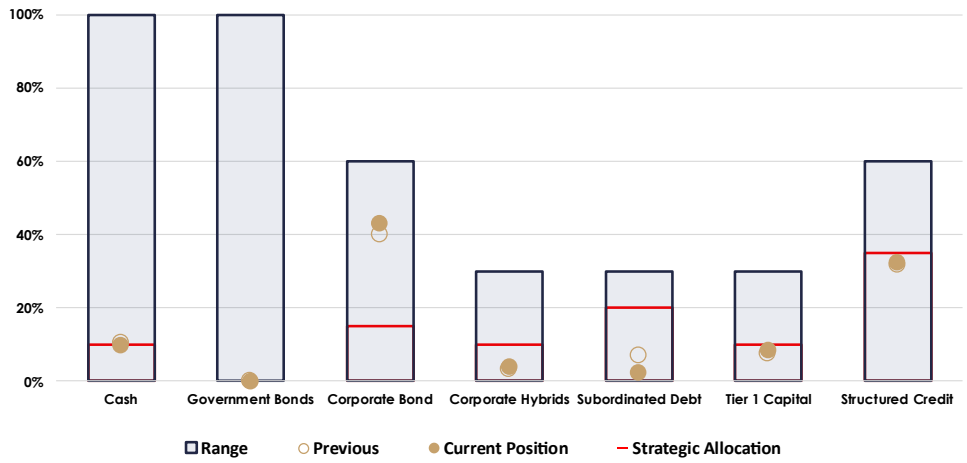
* Past performance is not indicative of future performance. *Ordinary units Inception 26 September 2012. Wholesale units Inception 2 October 2013.

FUND STATISTICS

Running Yield	6.38%
Yield to Maturity	6.06%
Volatility†	1.14%
Interest rate duration	1.15
Credit duration	2.70
Average Credit Rating	BBB+
Number of positions	475
Average position exposure	0.19%
Worst Month*	-1.99%
Best Month*	2.09%
Sharpe ratio∂	2.11

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

SECTOR ALLOCATION



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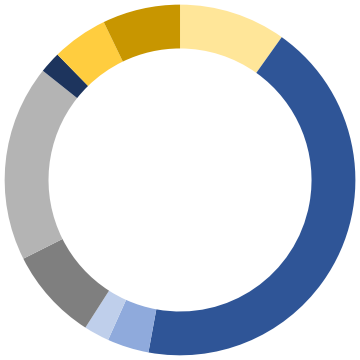
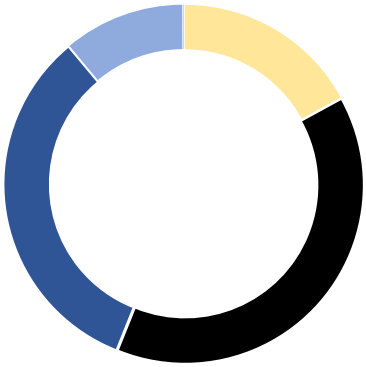
PORTFOLIO COMPOSITION



- Cash (9.85%)
- Government Bonds (0.00%)
- Corporate Bond (43.04%)
- Corporate Hybrid (3.84%)
- Subordinated Debt (2.35%)
- Tier 1 Capital (8.52%)
- ABS Public (18.11%)
- ABS Private (1.98%)
- RMBS Private (5.16%)
- RMBS Public (7.16%)

CREDIT DURATION PROFILE



- At Call to 6 Months (17.05%)
- 6 Months to 3 Years (39.03%)
- 3 Years to 5 Years (32.85%)
- 5 Years to 10 Years (10.96%)
- 10 Years + (0.11%)

FUND UPDATE

Cash and Short-Term Liquidity:

↓ The allocation to highly liquid assets (cash and government bonds) decreased from 10.43% to 9.85%. This reflected higher allocations to corporate bonds, T1 capital, corporate hybrids, ABS/RMBS which was partly offset by lower allocations to subordinated debt.

Corporate Bond, Corporate Hybrids & Subordinated Debt:

↓ Weighting to corporate bonds, corporate hybrids and subordinated debt decreased from 50.28% to 49.23%. At the start of the month, the fund continued to crystallise gains in Tier 2 capital and longer-dated senior corporates. As credit spreads widened, the AI/software-driven sell-off opened opportunities to selectively add to dislocated sectors such as global tech and US Business Development Companies (BDCs). Outside these pockets of weakness, investment-grade spreads were broadly resilient given the noise. Australian primary markets were active, with notable senior issuance from Westpac, Endeavour Energy and Vicinity, alongside Tier 2 supply from Macquarie, ANZ and CBA.

Interest Rate Duration Position:

↓ IRD positioning decreased from 1.32 to 1.15 years as the Australian yield curve flattened by over 10bps over the month. The RBA hiked in early February and market pricing of another hike in May remains at around 70% supported by quarterly inflation remaining above the RBA's target range, and by stronger than expected January employment and monthly inflation data. 10-year bond yields fell over the month by 15bps to 4.65% driven by lower inflation break-evens. Throughout the month of February, US yields moved lower due to a combination of concerns over the extent of data centre Capex in the Tech sector, AI disruption and weaker than expected inflation data. The BoE left rates on hold but with a closer vote than expected with 4 out of 9 members voting for a 25bp cut. Later in the month, yields fell on risk-off sentiment around private credit and geopolitics as the potential for conflict materialising between the US and Iran grew. Over the month, the number of Fed rate cuts in 2026 being priced by the market increased from 2.1 to 2.4 but has since fallen back to1.6 cuts on higher oil prices and the spectre of inflation arising from events in the Middle East keeping the Fed's hands tied. At the time of writing the market is pricing another 2.1 hikes from the RBA in 2026.

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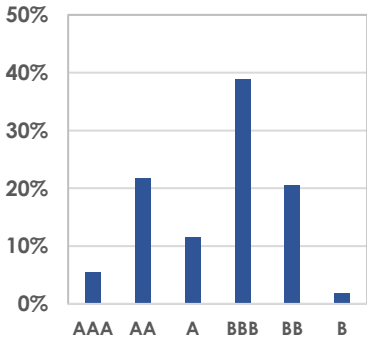
ISSUER DOMICILE

Australian/NZ Domiciled Issuer & Cash (78.92%)

Foreign Domicilied Issuer (21.08%)

CREDIT QUALITY



PORTFOLIO ESG RISK LIMITS

Sector	Portfolio Exposure	Portfolio Limit
Fossil Fuels	6.7%	10%
Non-Renewable & Nuclear Energy	0.00%	10%
Alcohol	0.00%	10%
Gambling	1.2%	10%

Residential Mortgage-Backed Securities (RMBS):

↑ Weighting to RMBS securities increased from 11.99% to 12.32% over the month. Securitisation markets began the month with several new public transactions across conforming and non-conforming RMBS, which were well supported by investors. However, heightened volatility linked to the US–Israel–Iran conflict toward the end of February disrupted global markets and effectively paused domestic primary issuance. Only one transaction has priced recently, while eight deals remain live or at the mandate stage. Despite the halt in new issuance and an initial widening of 4–6 bps in senior secondary spreads, spreads have largely stabilised amid lighter-than-expected selling, with no meaningful activity observed across the mezzanine stack. Opportunistic bids have also gone unfilled, suggesting investors are holding positions and maintaining firm bids, helping anchor the market amid a more defensive macro backdrop.

With respect to market performance, The latest S&P SPIN Index data (December) shows prime arrears remaining stable, with a negligible 1-basis-point movement to 0.74%, while non-conforming arrears rose slightly to 3.84%. January data for autos showed arrears rising to 1.30% from the preceding month, a consistent with historical first-quarter seasonality. Across all collateral segments, performance metrics continue to outperform broader market expectations and remain favourable relative to long-term historical benchmarks.

Tier 1 Capital:

↑ Weighting to T1 capital increased from 7.61% to 8.52%. We continue to add to ASX-listed Tier 1 bank hybrids, as we remain constructive on the sector ahead of its gradual phase-out to 2032. Global T1 credit spreads underperformed over the month but remains expensive in our view. We continue to hold no exposure to Global T1s. Primary markets remained active with notable deals from UBS in AUD, ING Groep in USD, and BNP Paribas and Intesa Sanpaolo in EUR.

Asset Backed Securities (ABS):

↑ ABS allocation increased from 19.69% to 20.09%. These assets are typically very short dated, continue to offer healthy yields and remain highly sought after by market participants.

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PLATFORM AVAILABILITY

- Australian Money Market (Retail Units)
- AMP North
- BT Wrap
- BT Panorama
- Credit Suisse
- Crestone
- First Wrap
- HUB24
- IOOF Pursuit/Expand
- Macquarie Wrap
- Mason Stevens
- Netwealth
- Powerwrap
- Praemium
- uXchange
- Xplore Wealth
- mFund: RLM03

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/ourproducts/Realm-high-income-fund/

Targeted risk across the Fund:

↓ Targeted portfolio risk reduced from 1.71% to 1.59%. This reflected a reduction in both interest rate duration (from 1.32 years to 1.15 years) and credit duration (from 2.84 years to 2.70 years).

FUND OVERVIEW

AI disruption fears and rising geopolitical tensions weighed on financial markets in February.

The S&P 500 declined 0.9% as software names sold off on concerns that AI could soon replace traditional SaaS models. Brewing tensions between the US and Iran culminated in military strikes at month-end.

In credit markets, the Bloomberg US Corporate Baa-rated Option Adjusted Spread widened 13bps to 1.04%. Concerns around private credit also weighed on sentiment after Blue Owl Capital halted redemptions from one of its funds and following the collapse of UK lender Market Financial Solutions.

Global bond yields drifted lower throughout the month. US economic data was generally softer than expected, including downside surprises in headline inflation and Q4 GDP. The Supreme Court also ruled against President Trump's use of the International Emergency Economic Power Powers Act to impose tariffs. The RBA hiked rates by 25bps as expected, while the BoE left rates on hold.

Precious metals continued to rally amid the escalation in geopolitical tensions, with gold rising 7.9% and silver 10.1%. WTI crude oil prices rose 2.8%.

Against this backdrop, the fund achieved a return of 0.16% in February, underperforming the RBA Cash Rate (0.29%). This was a satisfactory outcome in the conditions. Contributions to the underperformance were broad but led by public Structured Credit.

The portfolio's yield to maturity increased to 6.06% (p5.76%) and continues to provide a reasonable prospect of meeting the investment objectives over the medium term. Interest rate duration was shortened slightly to 1.15yrs (p1.18) as the Australian yield curve flattened, while credit duration was also shortened to 2.70yrs (p2.93). The portfolio credit rating remained unchanged at BBB+.

PLATFORM AVAILABILITY

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- Crestone
- First Wrap
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FUND OVERVIEW

Portfolio activity was characterised by a rotation out of Subordinated Debt and into Corporate Bonds on relative value considerations. The Corporate Bond exposure is now considerably overweight but has a higher credit quality (BBB+) than we expect to have over the long term. It is primarily held in domestic financials, mining, infrastructure and property related issuers.

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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