REALM HIGH INCOME FUND

JULY 2025

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 $2.35 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	0.96%	0.99%	0.32%
3 Month	2.74%	2.84%	0.97%
6 Months	3.27%	3.47%	1.97%
1 Year	7.58%	8.01%	4.19%
3 Years p.a	8.46%	8.89%	3.88%
5 Years p.a	5.58%	6.05%	2.40%
10 Years p.a	4.77%	5.25%	1.89%
Since Inception p.a*	5.14%	5.33%	2.04%

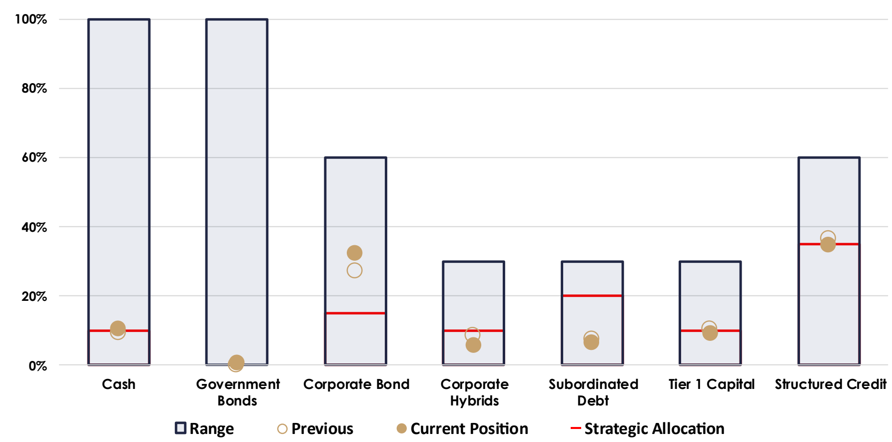
* Past performance is not indicative of future performance. *Ordinary units Inception 26 September 2012. Wholesale units Inception 2 October 2013.

FUND STATISTICS

Running Yield	6.26%
Yield to Maturity	6.23%
Volatility†	1.14%
Interest rate duration	1.10
Credit duration	3.43
Average Credit Rating	BBB+
Number of positions	393
Average position exposure	0.22%
Worst Month*	-1.99%
Best Month*	2.09%
Sharpe ratio∂	2.10

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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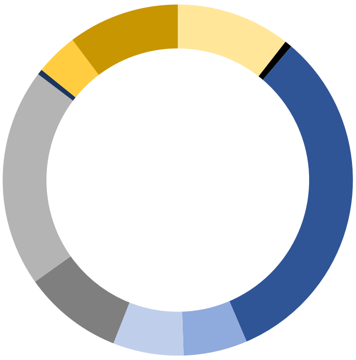
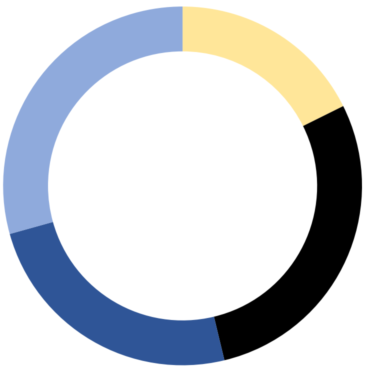
PORTFOLIO COMPOSITION



CREDIT DURATION PROFILE



FUND UPDATE

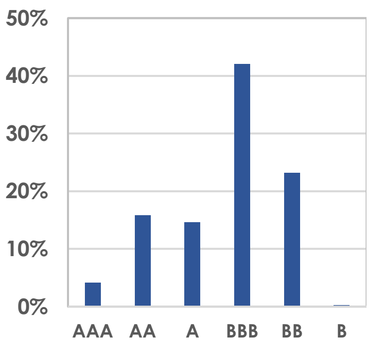
Cash and Short-Term Liquidity: ↑ The allocation to highly liquid assets (cash and government bonds) increased from 9.31% to 11.22%. This reflected reduced allocations to corporate hybrids, subordinated debt, T1 capital and ABS/RMBS, which was partly offset by an increased allocation to corporate bonds.

Corporate Bond, Corporate Hybrids & Subordinated Debt: ↑ Weighting to corporate bonds, corporate hybrids and subordinated debt increased from 43.49% to 44.76%. Credit spreads continued to tighten through July, reaching the tights seen prior to Liberation Day with economic optimism again driving investor sentiment. In response, the fund took profit on existing corporate hybrid and subordinated debt positions for reinvestment into superior relative value opportunities. This included further investment into USD denominated bonds issue by investment grade Australian corporates, coupled with AUD primary offerings, including a new Tier 2 from NAB and a debut senior offering from the Port of Newcastle, which subsequently performed very strongly in the secondary market. These transactions were highlights in an otherwise quieter month for Australian primary with many issuers in earnings blackouts ahead of August reporting.

Interest Rate Duration Position:↓ IRD positioning decreased from 1.11 to 1.10 years as the term structure flattened slightly. 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%.

ISSUER DOMICILE

CREDIT QUALITY



PORTFOLIO ESG RISK LIMITS

Sector	Portfolio Exposure	Portfolio Limit
Fossil Fuels	9.5%	10%
Non-Renewable & Nuclear Energy	0.00%	10%
Alcohol	0.00%	10%
Gambling	0.00%	10%

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.

Residential Mortgage-Backed Securities (RMBS): ↑ Weighting to RMBS securities decreased from 15.95% to 14.19% over the month. Structured credit market yields rallied significantly over the month, across all tranches within the capital structure. Senior (AAA) and mezzanine (A-BBB) tranches rallied approximately 10bps, with junior mezzanine (Sub-investment grade rated) markets tightening a substantial 40-50bps. All tranches remain oversubscribed in primary markets, with markets continuing to be very well bid across both primary and secondary. Transaction flow has increased, with a high number of new transactions beginning to roadshow post the quieter midyear period, with issuers looking to price and settle transactions prior to year end.

With respect to market performance, Prime arrears as reported by S&P's SPIN index for June improved 5bps to 0.89%. Nonconforming arrears improved 19bps to 3.78%. Arrears on auto loans as reported by S&P for the same period improved 25bps to 1.41%. All results remain strong in comparison to both market expectations and historic index levels.

Tier 1 Capital: ↓ Weighting to T1 capital decreased from 10.54% to 9.18%. Global T1 credit spreads continued to compress in line with the rally in risk assets which provided the opportunity to further reduce allocations to the sector. 2Q25 earnings from global banks continued to be positive, highlighting the strength of operating diversified banking institutions which paved the way for successful issuance. During the month, notable issuers were Bank of America, Citi, and Santander. The fund did not participate in new issues due to expensive valuations. Domestically, Tier 1 securities tightened throughout the month particularly as APRA finalised its amendments to its AT1 phase out which allowed the fund to take profit.

Asset Backed Securities (ABS): ↑ ABS allocation increased from 16.87% to 20.71%. These assets are typically very short dated, continue to offer healthy yields and remain highly sought after by market participants.

Targeted risk across the Fund: ↑ Targeted portfolio risk remained unchanged at 2.00%. This reflected a slight decrease in interest rate duration from 1.11yrs to 1.10yrs which was offset by a movement higher in credit duration from 3.37yrs to 3.43yrs.

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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/

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 (0.99%) in July, outperforming the RBA Cash Rate (0.32%). Contributions to the outperformance were broad but led by Corporate Bonds.

The portfolio's yield to maturity decreased slightly to 6.23% (p6.34%). Interest rate duration was slightly shorter at 1.10yrs (p1.11), while credit duration rose to 3.43yrs (p3.37). The overall 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 Corporate Hybrid and Structured Credit. As a result, Structured Credit is now back in line with benchmark levels.

The Corporate Bond position has a higher credit quality (BBB+) than we expect to have over the long term, and is largely held in 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 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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