# REALM HIGH INCOME FUND

**OCTOBER 2026**

REALM INVESTMENT HOUSE

## FUND OBJECTIVE

The Realm High Income Fund is a fixed income strategy, that invests primarily in domestic asset backed securities, bank-issued securities and corporate & government bonds, with some exposure to global markets. 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 $2.75 billion
**Management Fees (Net of GST):**
Ordinary Units - 1.1182%
Wholesale, Adviser Units – 0.7175%
**Direct Minimum Investment:**
Ordinary, Adviser Units - $25,000
Wholesale Units - $1,000,000

Zenith RECOMMENDED

Recommended Lonsec Research

## NET PERFORMANCE

| Period | Ordinary Units* (incl. franking) | Wholesale Units* (incl. franking) | RBA Cash Rate Return* |
|---|---|---|---|
| 1 Month | -0.01% | 0.04% | 0.38% |
| 3 Month | 0.61% | 0.72% | 1.10% |
| 6 Months | 2.43% | 2.65% | 2.18% |
| 1 Year | 3.65% | 4.08% | 4.07% |
| 3 Years p.a. | 7.64% | 8.07% | 4.14% |
| 5 Years p.a. | 5.92% | 6.35% | 3.36% |
| 10 Years p.a. | 4.73% | 5.19% | 2.16% |
| Since Inception p.a.* | 5.07% | 5.27% | 2.21% |

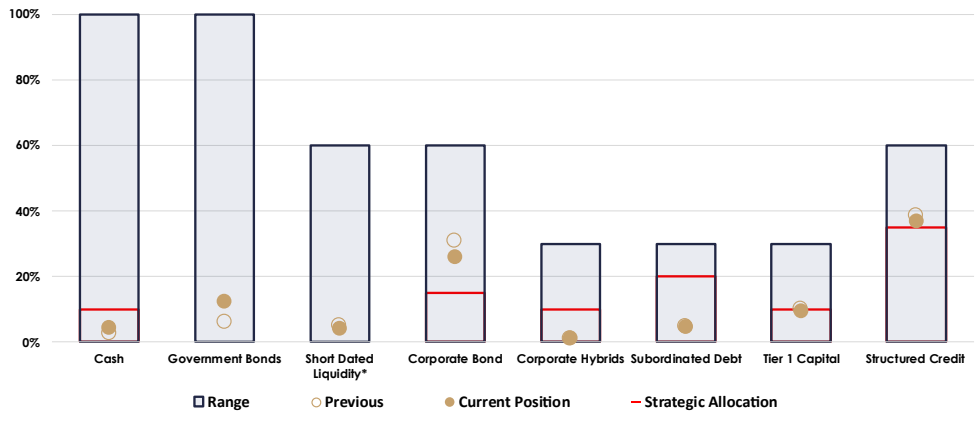
* Past performance is not indicative of future performance. *Ordinary units Inception 26 September 2012. Wholesale units Inception 2 October 2013.

## FUND STATISTICS

| | |
|---|---|
| Running Yield | 7.78% |
| Yield to Maturity | 8.01% |
| Volatility† | 0.90% |
| Interest rate duration | 0.94 |
| Credit duration | 3.61 |
| Average Credit Rating | BBB+ |
| Number of positions | 464 |
| Average position exposure | 0.18% |
| Worst Month* | -1.99% |
| Best Month* | 2.09% |
| Sharpe ratio∂ | 2.04 |

*Since Inception 26 September 2012.
†Trailing 12 Months Calculated on Daily observations. ∂Since Inception Calculated on Daily observations

## SECTOR ALLOCATION



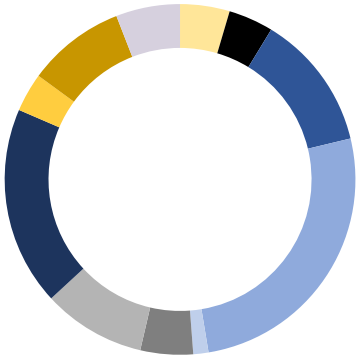

*Senior investment grade corporate bonds not subject to call risk and maturing in less than 12 months; and AAA-rated asset backed securities, senior in the capital structure, not subject call risk and with an expected weighted average life of less than 12 months.

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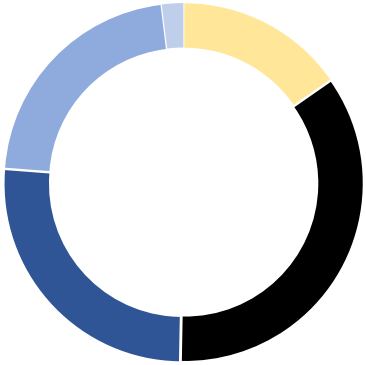
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## PORTFOLIO COMPOSITION



- Cash (4.57%)
- Short Dated Liquidity (4.13%)
- Government Bonds (12.55%)
- Corporate Bond (26.15%)
- Corporate Hybrid (1.40%)
- Subordinated Debt (4.85%)
- Tier 1 Capital (9.49%)
- ABS Public (18.35%)
- ABS Private (3.58%)
- RMBS Private (9.03%)
- RMBS Public (5.91%)

## CREDIT DURATION PROFILE



- At Call to 6 Months (15.32%)
- 6 Months to 3 Years (34.97%)
- 3 Years to 5 Years (25.93%)
- 5 Years to 10 Years (21.83%)
- 10 Years + (1.95%)

## FUND UPDATE

The Realm High Income Fund Wholesale Units returned 0.04% net of fees in October, underperforming the RBA Cash Rate (0.38%). Credit spread widening was the key detractor of performance, particularly across corporate bonds and public ABS. These effects were partially offset by income generation and gains from interest rate duration exposure.

Relative weakness in semi-government bonds created an opportunity to reallocate capital from senior corporate bonds into semi-government securities during the month. This repositioning has further enhanced the Fund's liquidity profile and flexibility to capitalise on opportunities arising from ongoing market volatility.

The portfolio's attractive yield to maturity of 8% underpins a low likelihood of negative returns over the coming 12 months.

## PORTFOLIO POSITIONING

**Cash and Short-Term Liquidity:**

↑ The allocation to highly liquid assets (cash, short-dated liquidity and government bonds) increased from 14.20% to 21.25%, primarily driven by higher holdings of semi-government bonds, and reduced exposures to corporate bonds and ABS.

**Corporate Bond, Corporate Hybrids & Subordinated Debt:**

↓ Weightings to corporate bonds, corporate hybrids and subordinated debt decreased from 37.04% to 32.40%. Domestic credit spreads widened over the month, while underperformance in semi-government bonds created an opportunity to reallocate capital from senior corporate bonds into more liquid and higher rated semi-government securities. Primary market activity was muted amid elevated volatility, although notable issuance included transactions from NBN, Scentre Group in USD and Ausnet in EUR.

**Tier 1 Capital:**

↓ T1 capital weighting fell from 10.12% to 9.49% as the fund sold into ASX T1 market strength. Reinvestment of CBAPJ redemption proceeds supported demand, keeping spreads firm through month-end and driving outperformance relative to the broader Australian dollar credit market.

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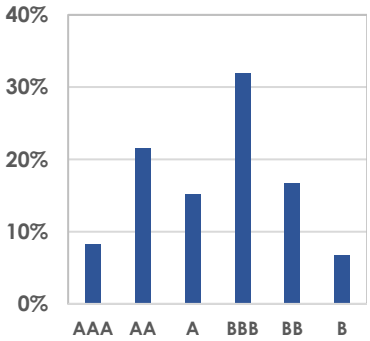
## ISSUER DOMICILE



Australian/NZ Domiciled Issuer & Cash (76.22%)

Foreign Domiciled Issuer (23.78%)

## CREDIT QUALITY




## PORTFOLIO ESG RISK LIMITS

| Sector | Portfolio Exposure | Portfolio Limit |
|---|---|---|
| Fossil Fuels | 4.2% | 10% |
| Non-Renewable & Nuclear Energy | 0.0% | 10% |
| Alcohol | 0.0% | 10% |
| Gambling | 0.4% | 10% |

**Residential Mortgage-Backed Securities (RMBS):**

↑ Weighting to RMBS securities increased from 14.81% to 14.94% over the month as the primary market reopened. October set a new record for deal count, with 21 transactions pricing for approximately A$12.45 billion. That is four more deals than the previous record set in May 2024. It was the largest October on record and the third-largest month overall, behind the last two Septembers. The volume came at a cost to pricing. After a second consecutive month of heavy supply, spreads moved to their widest levels of the year, surpassing the March–April peak. Non-bank prime and non-conforming RMBS seniors widened by around 15bps, to approximately 120bps and 130bps respectively, while auto ABS seniors moved roughly 24bps wider to around 120bps. The repricing was sharper further down the capital structure: La Trobe's A$1.5 billion FCMT 2026-4 priced its Class B notes at 180bps, against 135bps on its August transaction. Heavy BWIC supply weighed on secondary markets for much of the month, before tone improved into month end as wider levels drew buyers. Issuance has slowed sharply in early November, and with the RBA lifting the cash rate to 4.85% we expect a more measured pipeline into year end.

The latest S&P Global Ratings SPIN data is now as at September 2026. Prime arrears rose 2bps to 0.88% from 0.86% in August, on the like-for-like basis that excludes large portfolio sales such as the Cashmere transaction added to the index in August. Non-conforming arrears continued their upward trend, rising 6bps to 3.57%. Across both sectors the increase was most pronounced in the 31–60 day bucket.

Overall, RMBS collateral performance remains resilient, with prime arrears still below 1% and the rise in non-conforming arrears gradual. S&P expects debt-serviceability pressures to persist, with arrears likely to keep rising as elevated interest rates and cost-of-living pressures constrain borrower capacity. It also expects non-conforming arrears to remain elevated for longer, as these borrowers typically find it harder to work their way out of arrears. We continue to monitor the sector closely. On the data to hand, underlying credit performance remains sound.

**Asset Backed Securities (ABS):**

↓ ABS allocation decreased from 23.83% to 21.93%. These assets are typically very short dated and continue to offer healthy yields, with wider primary pricing in October improving entry levels for new investment.

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## PLATFORM AVAILABILITY

- Australian Money Market (Retail & Adviser Units)
- AMP North
- BT Panorama
- Crestone
- First Wrap
- HUB24
- IOOF Pursuit/Expand
- Macquarie Wrap
- Mason Stevens
- Netwealth
- Powerwrap
- Praemium
- Dash / uXchange

## 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/

**Interest Rate Duration Position:**

↓ IRD positioning decreased from 1.29 years to 0.94 years over the month. The relative value of government bonds fell as safe-haven buying drove most global developed market rates lower. Sentiment towards AI investments weakened. As the Fund's risk exposure to interest rate movements declined and the value inherent in the use of options to protect against disorderly movements also declined, we reduced reliance on put options. Au 10-year yields fell by 23bps to 5.11% driven primarily by real yields. Market pricing of an RBA hike in November increased materially after a stronger than expected Q3 CPI release. US 10-year yields fell by 36bps to 4.92% driven primarily by real yields. MOVE rates volatility decreased from 110 to 100.

**Targeted risk across the Fund:**

↓ Target portfolio risk fell from 1.63% to 1.37%, driven mainly by a shortening of interest rate duration from 1.29 to 0.94 years, while credit duration increased from 3.23 to 3.61 years.

## MARKET REVIEW

AI financing concerns and geopolitical tensions weighed on financial markets in October.

The NASDAQ Composite index fell 5.3% as concerns over the sustainability of AI capital expenditure drove a sell-off in semiconductor and data centre stocks. In Australia, neocloud operator Firmus withdrew its planned initial public offering amid weak investor demand.

In credit markets, the Bloomberg US Corporate Baa-rated Option Adjusted Spread widened 13bps to 1.11%. Neocloud provider CoreWeave saw its bonds trade at distressed levels, with yields surging above 15%.

Global government bond yields were generally lower over the month, supported by safe-haven demand following the AI-related sell-off. The Fed, ECB and BoJ all left rates unchanged at their policy meetings in October, while the RBA hiked by 25bps in early November after Q3 inflation came in stronger than expected. French yields underperformed, rising over the month as fiscal and political instability weighed. ECB President Lagarde announced her resignation and will step down in February 2027.

Oil prices continued to rise in October as Middle East tensions remained elevated, with Brent crude oil rising 13.6% to $117 per barrel. The US dollar rose 0.4% over the month after US core inflation printed firmer than expected, while gold (-6.8%) dropped below $4000.

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