Realm Cash Plus Fund

April 2018

Fund Objective

The Realm Cash Plus Fund seeks to produce a return (net of fees) that exceeds the total return of the RBA Overnight Cash Rate by 1.50%-2.00% p.a. over rolling three-year periods.

Net Performance

Period	Ordinary Units (incl. franking)	RBA Cash Rate Return
1 Month	0. 21%	0.12%
2 Month	0.41%	0.25%
3 Month	0.66%	0.36%

* Past performance is not indicative of future performance. *Ordinary units Inception 21 December 2017.

Fund Update

Cash and Short-Term Liquidity Weighting: ↓ Fund cash and short dated liquidity declined from over 50% to approximately 35%, as maturities were redeployed into senior corporate bonds with a greater than 1 year maturity.

Interest Rate Duration Position: → 0.13 years. The strategy will maintain interest rate duration of approximately 3 months as an average. However, the manager can increase interest rate exposure to as high as 1 year under certain conditions. The strategy will as a rule only take modest interest rate risk.

Corporate & Subordinated Debt Allocation: ↑ Our corporate debt increased to 47% from 30.4% over the month. Our exposure to short maturity tier 2 instruments increased by approximately 5% over the month, as we added IAG, Bendigo and BOQ sub. At the same time we also increased financial and corporate senior.

Residential Backed Securities (RMBS) & ABS: → Our exposure to RMBS and ABS remained at 18% as paydowns were replaced with a handful of portfolio additions. We maintain scope to increase exposure from current levels, something that is likely as securities out of the short dated liquidity bucket mature. Secondary market activity in high investment grade RMBS has experienced a significant rise. This has increased our comfort in this products liquidity which will likely see a gradually move closer to our benchmark 25% target.

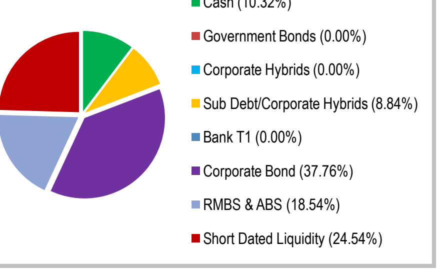
Targeted risk across the Fund : ↑ Targeted portfolio volatility increased modestly to 0.35%. This is below the long term target of 0.5%. This broadly reflects our current market view. Overall risk markets are over priced and exhibit heightened levels of risk. The portfolio does maintain head room to increase its allocation to market risk.

Fund Statistics

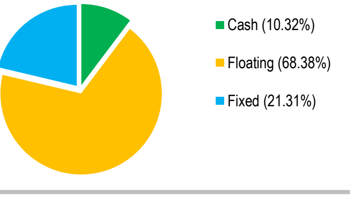
Running Yield	3.93%
Volatility†	0.08%
Interest rate duration	0.13
Credit duration	1.341
Average Credit Rating	A
Number of positions	46
Average position exposure	1.74%
Worst Month*	0.20%
Best Month*	0.27%
Sharpe ratio†	14.93
Information Ratio†	15.31

Calculated on Ordinary Units unless otherwise stated. *Since Inception 21 December 2017. †Calculated on Daily observations since inception

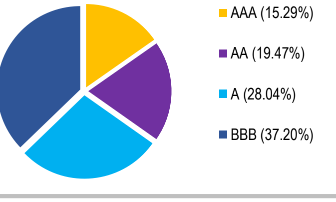
Portfolio Composition



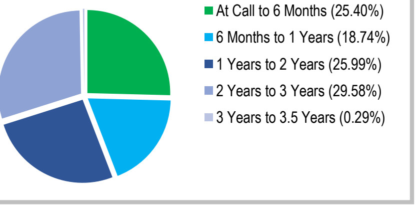
Fixed and Floating Breakdown



Credit Quality



Maturity Profile



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Market Outlook

Funding spreads made a modest recovery over the month as various market concerns subsided. Despite this interbank spreads remain elevated as do credit spreads. The reason for this seems to be the general decline in the interbank market, which as a result makes credit more vulnerable to cash movements.

The movement in markets last month had nothing to do with credit quality concerns or any other systemic plumbing issues, however, they did move credit spreads meaningfully despite this. This speaks to a market where real money flows will become increasingly important as Quantitative Easing subsides.

Indeed the withdrawal of market accommodation remains our key concern. As we move away from goldilocks conditions the question is how the market will respond to the impact of QE withdrawal and rising interest rates?.

Our view is that spreads will remain under pressure for the remainder of the year and that the tights seen in January are unlikely to be tested. The volatility through March supports our long held view that credit markets are more vulnerable than ever to dislocations in market risk.

Credit remains soft, secondary performance of new issues has been stodgy and we continue to see offers across various markets. In this kind of environment we have been able to dial up portfolio risk on our terms.

Our portfolio activity will remain elevated in these kinds of conditions, with aggregate risk rising as and when markets weaken. This is consistent with our stated investment approach.

Sector Allocation

Sector	Asset Allocation Range	SAA Target
Cash	10% - 100%	10%
31 Day Notice Account	0% - 20%	10%
Government Bonds	0% - 90%	0%
Corporate Bonds	0% - 40%	25%
Sub Debt/Corporate Hybrids	0% - 20%	10%
RMBS & ABS	0% - 30%	25%
Short Dated Liquidity	0% - 60%	30%

Fund details

Distribution Frequency: Monthly
Liquidity: Daily
Buy/Sell: 0.00% / 0.00%
Direct Minimum Investment:
Ordinary Units - $25,000
mFunds Units - $25,000
Inception Date: 12.12.2017
Fund size: AUD $32 million
APIR Codes:
Ordinary Units - OMF3725AU
mFunds Units - OMF8160AU
Management Fees (inc. GST):
Ordinary Units – 0.33%
mFunds Units – 0.39%
Responsible Entity: One Managed Investment Funds Ltd
Custodian: Mainstream Funds Services Pty Ltd
Unit Pricing and Unit Price History:
www.realminvestments.com.au/media/4

Platform Availability

- Powerwrap
- mFund Settlement Service - mFund code: RLM02

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