

Realm Cash Plus Fund

December 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	0.19%	0.13%
3 Month	0.64%	0.38%
6 Month	1.36%	0.75%
12 Month	2.72%	1.50%

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

Fund Update

Cash and Short-Term Liquidity Weighting: → Cash and short dated liquidity remained at 27% over the month. This was a function of senior corporate securities moving into short term liquidity as their term to final maturity moves within 12 months, and a small reduction in cash due to investment in sub debt.

Interest Rate Duration Position: → 0.12 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: → Remained at 43% over the month. Sub debt increased by 2% as we added short dated major bank and regional bank subordinated debt exposure. Reduction in senior corporate debt was a function of securities moving into the short dated liquidity bucket. Despite soft credit conditions, this portfolio is short in nature with a focus on financial risk, meaning that despite minor widening in credit spreads, this allocation still delivered a positive return attribution.

Residential Backed Securities (RMBS) & ABS: → Holdings of RMBS and ABS remained static over the months, as paydowns and maturities were replaced with ABS exposure and some short dated RMBS. RMBS performance is generally heavily influenced by movements in financial credit spreads. While highly rated bank debt is weaker today than it was a month ago, in general this sub-sector has outperformed corporate (non-financial) debt. All things being equal we would expect RMBS to move wider through 1H 2019. Our RMBS allocation is well positioned for this kind of a turn, this is due to the fact that the portfolio maintains a hard 3.5 year term risk limit for any credit exposure. In addition most of the portfolio is actively paying down from month to month which reduces mark to market risk.

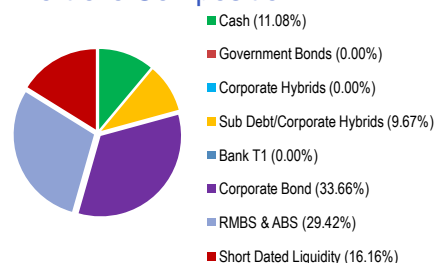
Targeted risk across the Fund: → Targeted portfolio volatility remained in line at 0.62% from 0.63%. The portfolio remains defensively positioned, this is reflected in the monthly performance of 0.19% in what was otherwise a particularly weak month for credit markets. This is a function of conservative product design and good sectoral diversification which protects the portfolio from idiosyncratic factors in any individual product type.

Fund Statistics

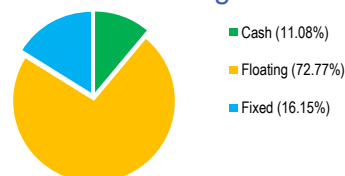
Running Yield	4.05%
Volatility†	0.14%
Interest rate duration	0.12
Credit duration	1.45
Average Credit Rating	A
Number of positions	51
Average position exposure	1.64%
Worst Month*	0.19%
Best Month*	0.27%
Sharpe ratio ^o	18.99
Information Ratio ^o	19.17

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

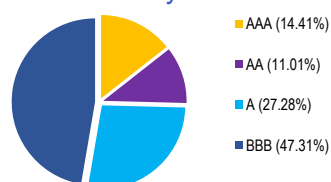
Portfolio Composition



Fixed and Floating Breakdown



Credit Quality



Maturity Profile



Market Outlook

The Realm Cash Plus Fund is a short duration low volatile strategy, providing sector diversity coupled with weighted credit duration of less than 1.5 years. In addition, an investment grade only credit quality limit will act to minimise portfolio volatility even during periods of heightened credit volatility.

While the portfolio can increase and decrease aggregate risk, this is managed in a tight band. The focus being on maintaining a competitive rate of return versus term deposits while guarding the portfolio against volatility and liquidity risk.

In instances of market volatility, investors will find that the portfolio will perform adequately with draw down risk mitigated by tight portfolio limits and portfolio diversity. The last month being a case in point.

Our view is that the recent correction is not a pre-cursor to a significant event, however equally it illustrates that spreads and volatility have been unsustainably tight and will come under pressure as markets normalise. What exacerbates these moves is the fact that market liquidity is poor and very often pro-cyclical, this magnifies market movements.

Our portfolio sits at a weighted average credit duration of under 1.5 years, with over a third of the portfolio maturing within 12 months. As such the portfolio is well insulated from broader market movements. The portfolio return of 0.20% for the month of December, in what was an otherwise weak month for risk assets is testament to this.

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 \$58 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

- Hub24
- Powerwrap
- mFund Settlement Service - mFund code: RLM02

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