Realm Cash Plus Fund

February 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	0.25%	0.11%
2 Month	0.52%	0.24%

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

Fund Update

The Realm Cash Plus Fund seeks to deliver investors a return of +1.5% to 2% over the RBA cash rate. The fund takes a low risk approach in seeking to meet its return objective. The strategy targets a level of risk through the cycle, with a volatility of 0.5%. A number of key constraints are used to deliver capital stability, including a maximum weighted portfolio maturity of **1.5** years, an investment grade only credit quality limit and various sector based limits that are focused on providing a high level of portfolio liquidity.

The strategy will be operated in line with Realm's price for risk approach, which has been well demonstrated in the management of the flagship Realm High Income Fund.

Cash and Short-Term Liquidity Weighting: The fund holds 52% of total assets in short dated liquidity which can be defined as senior unsecured credit and senior AAA RMBS tranches with less than 12 months to maturity. Over the cycle we would expect that our weighting to short dated liquidity would approximate 30%. Our overweight position reflects that we consider the current market to be over priced, as such we prefer to reduce credit exposure and focus on maintaining very short running yield in higher rated exposures.

Interest Rate Duration Position: 0.07 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 exposure at inception sits at approximately 21.4%, this is at our tactical target. The portfolio is weighted to senior financial debt including major and regional Australian banks (all of which are investment grade). Meanwhile the fund has increased its exposure to investment grade subordinated debt from 0 to 3.6%. The exposure taken has less than 12 months to final maturity. Our targeted benchmark is 10%.

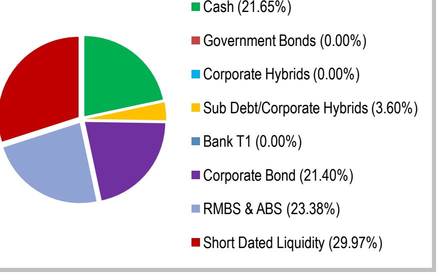
Residential Backed Securities (RMBS) & ABS: Exposure sits moderately below our strategic target of 25% at 24%. The weighted average rating of our RMBS portfolio sits in the high AA's with a weighted average duration of approximately a year and a half. The portfolio is full of well seasoned high rated securities that exhibit lower levels of absolute volatility.

Fund Statistics

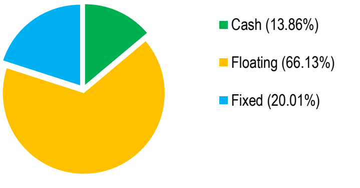
Running Yield	3.58%
Volatility†	0.07%
Interest rate duration	0.07
Credit duration	1.26
Average Credit Rating	A
Number of positions	34
Average position exposure	2.30%
Worst Month*	0.25%
Best Month*	0.27%
Sharpe ratio†	13.78
Information Ratio†	14.52

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

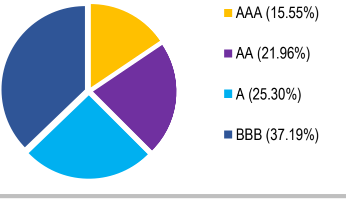
Portfolio Composition



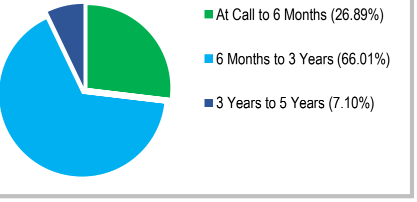
Fixed and Floating Breakdown



Credit Quality



Maturity Profile



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Targeted risk across the Fund Targeted portfolio volatility at inception sits at 0.37%. This is below the long term target of 0.5% and 0.02% lower than January month end. This broadly reflects our current market view, which is that, 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, however at this stage we maintain a preference to taking a considered approach given the broader market environment.

Market Outlook

Global economic momentum remains strong on our measures, with our Global macro momentum index measuring in at a level which would generally be indicative of a strong economic expansion.

The majority of major economic centres continue to make a positive contribution with European and Japanese momentum strong, while the US is also cycling highs. That said current momentum is at a level that we would deem to be unsustainable.

Put simply we expect that data will start to miss ever rising expectations and estimates and indeed will start to soften in absolute terms also. That will mean that the Fed could well be ratcheting up rates at a time where data is as good as it gets. Furthermore we should note that good data papers over a lot of cracks.

The system remains over-indebted and certain jurisdictions are still structurally unstable, while these don't feel like issues today, a lot can change if you were to remove economic momentum.

Meanwhile the debate around the rate path has kept bonds under pressure and kept the level of market volatility elevated (albeit off its January highs). That said we do not believe the January burst was episodic, but rather we feel it may reflect the early stages of a broader turning for risk markets, which will see the complacency of 2017 melt away and greater rationality around pricing return.

Capital preservation and unit price stability remain the primary focus for the management group given the nature of the strategy which leads us to maintain a higher level of caution which is illustrated by our large liquid asset exposure as at the end of February.

Sector Allocation

Sector	Asset Allocation Range	SAA Target
Cash	10% - 100%	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 $28 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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