

Realm Cash Plus Fund

January 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	0.27%	0.13%

* 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 41% 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: 0.10 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% this is a moderate underweight position over our tactical 25% target. The portfolio is weighted to senior financial debt including major and regional Australian banks (all of which are investment grade). Meanwhile, the fund holds no subordinated debt exposure, we view this market as expensive and presenting a poor risk return trade off at current prices. Our targeted benchmark is 10%.

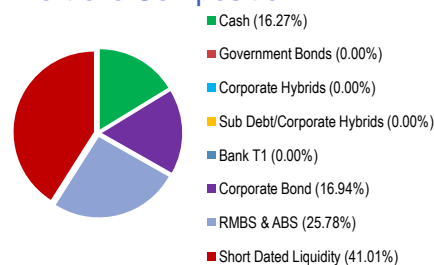
Residential Backed Securities (RMBS) & ABS: Exposure sits moderately above our strategic target of 25% at 30%. The weighted average rating of our RMBS portfolio sits in the high AA's with a weighted average duration of approximately a year and a half. The portfolio is full of well seasoned high rated securities that exhibit lower levels of absolute volatility.

Fund Statistics

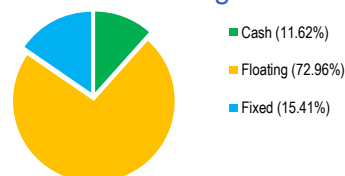
Running Yield	3.38%
Volatility [†]	0.15%
Interest rate duration	0.10
Credit duration	1.26
Average Credit Rating	A
Number of positions	34
Average position exposure	2.46%
Worst Month*	0.27%
Best Month*	0.27%
Sharpe ratio [†]	0.13
Information Ratio [†]	0.14

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

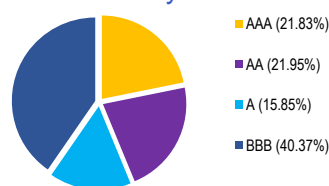
Portfolio Composition



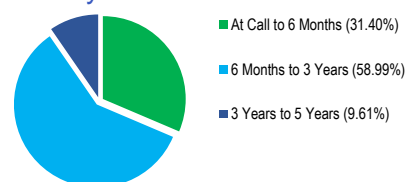
Fixed and Floating Breakdown



Credit Quality



Maturity Profile



Targeted risk across the Fund Targeted portfolio volatility at inception sits at 0.39%. This is below the long term target of 0.5% and broadly reflects our current market view, which is, overall risk markets are over priced and exhibit heightened levels of risk. The portfolio is almost fully invested, however, composition is short maturities at a high credit quality which will protect the portfolio from any prevailing market volatility.

Market Outlook

January was a solid month for credit markets as maturities coupled with the holiday hiatus saw investors come back into the market with a solid bid. However, as the month continued we began to see a general softening of conditions.

This was motivated by a steep increase in long term rates. This was particularly evident in the US, where the benchmark US 10 year government bond sold off from 2.4% up to 2.84% in early February. We have noted previously that the market is dispersed in terms of view At one extreme there are those that are saying that we have just set out on the path of rate normalisation and that markets are yet to fully comprehend what that means.

If the bond bears are right, we ultimately don't know exactly what it will mean for risk. Logically the removal of accommodation and an increase in discount rates will likely be disruptive to a lot of asset classes and will also likely make certain forms of risk premia (at current prices) look quite anaemic.

Given portfolio positioning we would be very comfortably with a deterioration in general market conditions.

We are coming out of a period where volatility is understating likely value at risk, something which will become more apparent as any correction intensifies. We are well positioned for this eventuality and continue to invest in line with our risk first approach.

Sector Allocation

Sector	Asset Allocation Range	SAA Target
Cash	10% - 100%	10%
Government Bonds	0% - 100%	10%
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 \$27 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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