

### 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	0.20%	0.13%
2 Month	0.45%	0.24%
3 Month	0.72%	0.37%

\* 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:** 0.17 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 30.4% from 25.9% over the month. 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 3.6% to 4.75% over the month. Our targeted benchmark for subordinated debt is 10%.

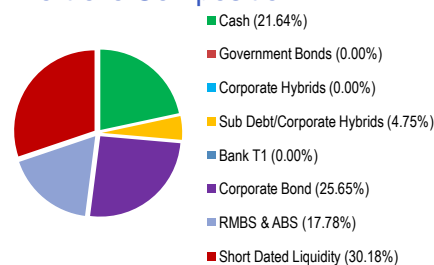
**Residential Backed Securities (RMBS) & ABS:** Our exposure to RMBS and ABS reduced to 18% from 24% over the month. The weighted average rating of our RMBS portfolio sits in the high AA's with a weighted average duration of approximately a year and a half. The portfolio is full of well seasoned high rated securities that exhibit lower levels of absolute volatility.

### Fund Statistics

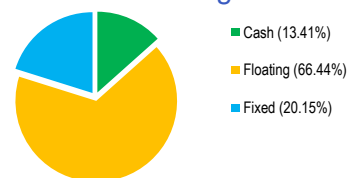
Running Yield	3.71%
Volatility <sup>†</sup>	0.08%
Interest rate duration	0.17
Credit duration	1.34
Average Credit Rating	A
Number of positions	38
Average position exposure	2.06%
Worst Month*	0.20%
Best Month*	0.27%
Sharpe ratio <sup>†</sup>	14.18
Information Ratio <sup>†</sup>	14.68

Calculated on Ordinary Units unless otherwise stated. \*Since Inception 21 December 2017. <sup>†</sup> Calculated on Daily observations since inception

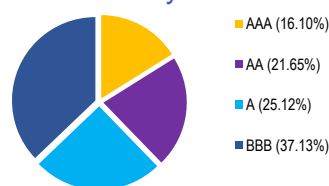
### Portfolio Composition



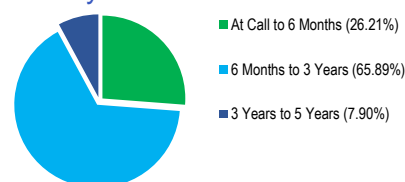
### Fixed and Floating Breakdown



### Credit Quality



### Maturity Profile



**Targeted risk across the Fund** Targeted portfolio volatility remained in line with our end of February target at 0.3%. 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. We will seek to modestly increase portfolio risk, if the funding stress that was evident through the month of March persists.

## Market Outlook

A weak month for credit overall, with high yield product selling off across the board. The weakness was also evident in domestic senior bank funding curves, Australian bank swap rates and various other measures such as LIBOR-OIS spreads, which speak to a withdrawal of not insignificant liquidity globally.

Commentators point to the reason being the Donald's Tax Cuts and Jobs Act that has driven a repatriation of significant liquidity. This in turn has left a funding hole as well as a shortage of US dollars, leading to the financial systems plumbing creaking. This coincided with Japanese inactivity going into their fiscal year end which seemed to exacerbate the impact.

The question is whether this is a technical event which resolves itself or whether the hole left by this repatriation provides an enduring impact on bank funding margins. In addition, the incremental ratcheting up of trade tensions as well as central bank balance sheet moderation and rising rates speak to a tougher environment that investors have become accustomed to over the last few years.

In our opinion as the goldilocks environment unwinds (a market that is perfect for asset speculation) that spreads will remain under pressure, which will moderate the return contribution from spread compression.

In such an environment our first priority is to focus on capital preservation first. The view being that aggregate portfolio risk can be increased after the present dose of volatility has run its course, which could be some way off.

## 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](http://www.realminvestments.com.au/media/4)

## Platform Availability

- Powerwrap
- mFund Settlement Service - mFund code: RLM02

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