

Realm Cash Plus Fund

September 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	0.24%	0.12%
3 Month	0.71%	0.38%
6 Month	1.34%	0.75%

* 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 in line at approximately 33%. Portfolio running yield sits at 4.03% with yield to maturity at 3.36%.

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 & sub debt position sits at approximately 40% at month end as maturities were replaced with senior and short dated subordinated exposure. The vast majority of the exposure came in the form of senior financial risk.

Residential Backed Securities (RMBS) & ABS: → The portfolio remained in line with last month, one security was added to offset paydowns and maturities. The short duration of the RMBS portfolio leads to holdings paying down at a reasonably rapid rate, which generally requires assets to be added to maintain the allocation. This speaks to the fact that the book is in highly rated well seasoned securities.

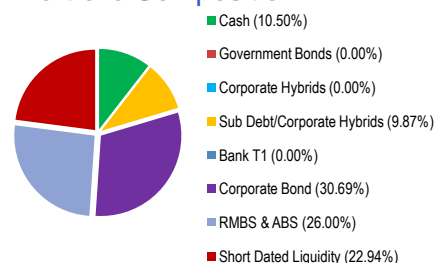
Targeted risk across the Fund: → Targeted portfolio volatility remained in line over the month, sitting at 0.44%. This figure is below our 0.5% benchmark, while portfolio yield to maturity sits at 3.36%. The portfolio is positioned to meet its long term objectives, which equates to a return of 1.5% to 2% over cash net of fees.

Fund Statistics

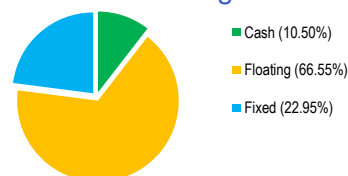
Running Yield	4.03%
Volatility [†]	0.14%
Interest rate duration	0.07
Credit duration	1.36
Average Credit Rating	A
Number of positions	49
Average position exposure	1.63%
Worst Month*	0.20%
Best Month*	0.27%
Sharpe ratio [†]	18.79
Information Ratio [†]	19.03

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

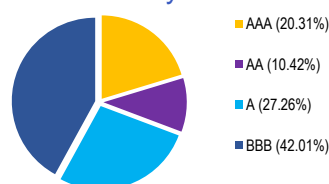
Portfolio Composition



Fixed and Floating Breakdown



Credit Quality



Maturity Profile



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.

From a market perspective, standpoint the key story over the month related to US rate markets, with the Federal reserve delivering an already priced 25 basis point rate hike. Furthermore, the likelihood of another hike in December is looking increasingly likely. The relief rally in bonds post the announcement was relatively modest, indicating that the US long end remains positioned to grind wider.

In terms of broader market risks, looking at movements its clear to us that Brexit has become the dominant concern, with UK bank CDS the big loser over the month, just as Italian bank risk outperformed. This summarises where the two dominant European worries sit right now. On the one hand confidence relating to the Italians coming under their 2% fiscal deficit target in their upcoming budget is high, despite politicking from the five star movement, however, at the same time concern around a hard Brexit seems to definitely be building with Standard, Barclays, RBS and Lloyds big losers over the month.

Outside of Europe markets remained reasonably well contained, with the rest of the world trading in a relatively tight range. While trade war headlines did raise the ire of markets periodically, it would be fair to suggest that risk markets remained stable over the last 30 days.

This is also reflected by our market risk measures which points to market complacency being at neutral presently. We are finding fair value in pockets, with risk positioning from here likely to be price dependant.

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 \$55 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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