

### Fund Strategy

The Realm Strategic Income Fund Enduring Units is a follow-on strategy of the Realm Capital Series Fund 2018-1 Units. The key differential feature is the limited withdrawal windows set by Realm Investment House (RIH). The strategy will invest in balance sheet funding, secured corporate loans and syndicated secured bank facilities. RIH will partner with the major banks and best of breed non-bank financials and corporate lenders to acquire exposures in these newly capitalised facilities. RIH's see's the strategy taking no further credit risk, that what we could acquire in the public markets, but receive additional return premiums derived mainly from complexity, liquidity and aversion. Diversification within the Fund will be achieved by diversity of banking partners, facility sponsors and the number of individual facilities. RIH's risk management and assessment overlay are used in assessing eligible exposures. RIH will actively manage & monitor the risk of each funding facility exposure during the term of the fund.

### Fund Objective

The strategy targets a return of 4.75% p.a. over the RBA cash rate over the life of the strategy. The Fund may suit investors seeking a high yield return with a moderate to high risk tolerance.

### Net Performance

Period	Enduring Units	RBA Cash Rate Return
1 Month	0.40%	0.02%
3 Month	1.26%	0.06%
Since Inception*	1.77%	0.11%

\*Past performance is not indicative of future performance. Inception date is 21 February 2020.

### Gross Running Yield\* 5.84%

\*Past performance is not indicative of future performance. The Gross Running Yield is the pre-fee income attributable to the portfolio, total return will be a function of this yield minus the fee. Please note the unit price can also experience modest variance as pay out of distributions sit at 95%. All outstanding amounts will be paid at the 30<sup>th</sup> of June.



### Fund Withdrawal Windows

The fund is structured to take advantage of the return premium in complexity, aversion and liquidity in the bank facility and secured loan market. A key feature of the funds return target is to align the credit risk attributes of publicly traded assets to that of the private market, that would present no more credit risk in the market, if they traded over the counter (OTC). We purposely designed, the recommended investment period of 5 years so we can confidently extract these return premiums from the market, and in times of high volatility, protect investors capital from those investors trying to access liquidity from these assets – when liquidity in the market costs a lot. So in the old saying, its nice to want to have your cake and eat it to, however this is an impossibility to be able to deliver you the benefit from these return premiums – the cake, and have liquidity at call – and the ability to eat it. Therefor we require windows of planned liquidity – so you can eat your cake too.

### Fund Next Withdrawal Window

The next withdrawal window will be closing at July 31. We are accepting redemption requests for up to \$1,000,000. Further details will be posted on both our website and OMFIL's website. See the link above.

### Fund Details

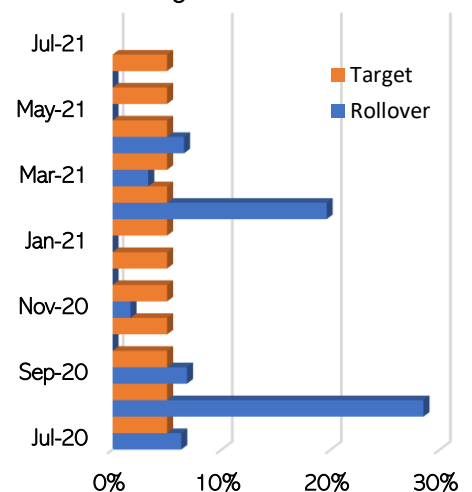
**Distribution Frequency:** Quarterly  
**Applications:** Monthly  
**Redemptions Window:** June 30 - \$500,000  
**Pricing & Reporting Frequency:** Monthly  
**Inception Date:** 21.2.2020  
**Fund size:** \$30.6m/Target \$500m  
**Benchmark:** RBA Cash Rate  
**Buy/Sell:** 0.20%/0.00%  
**APIR Codes:** OMF5868AU  
**Management Fees:** 0.99% net of GST  
**Responsible Entity:** One Managed Investment Funds Ltd  
**Custodian:** Mainstream Funds Services Pty Ltd  
**Unit Pricing and Unit Price History:**  
<https://www.realminvestments.com.au/our-products/realm-strategic-income-fund-enduring-units/>  
**Liquidity Window Notice:**  
<https://www.realminvestments.com.au/wp-content/uploads/Realm-Limited-Withdrawal-Notice-July-2020.pdf>  
**Platform Availability**

- Hub24
- Netwealth
- Powerwrap
- Australian Money Markets
- Spitfire
- Xplore Wealth

### Fund Statistics

Running Yield	5.84%
Volatility†	0.95%
Interest rate duration	0.04
Credit duration	1.01
Average Credit Rating	BBB-
Number of positions	22
Average position exposure	4.40%
Worst Month*	0.40%
Best Month*	0.46%
Sharpe ratio <sup>§</sup>	9.12
Information Ratio <sup>§</sup>	8.23

### Rollover vs Target



# Realm Strategic Income Fund Enduring Units

June 2020

## Fund Update

The Portfolio is in ramp up and the medium term objective of RIH is to ensure minimal volatility of return, and target a portfolio constructing that sees a smooth asset maturity profile that will compliment the ability to raise cash and focus on the fund diversity.

The portfolio is invested across a range of Corporate facilities backed by loans (24.45%), Structured Mortgage facilities (40.96%), public asset backed securities (5.57%), as well as over the counter residential mortgage backed securities (RMBS) transactions (25.77%). The weighted average credit rating of the portfolio sits at BBB-, with a short weighted credit duration of 1.01 years and a pre fee running yield of 5.84%.

## Portfolio Risk Analysis

Australian economic health remained steady through June. Volatility remains heightened as investors continue to seek protection while employment levels continue to trend lower. While system risk has bounced slightly given the volatility in recent weeks, it remains significantly below its highs.

Banks ability to access cheap funding via the Term Funding Facility (TFF), set by the Reserve Bank of Australia (RBA) to allow banks to reduce funding costs and reinforce the benefits of a lower cash rate, has resulted in increased mortgage competition. This is evident in the highly competitive fixed rate product currently being offered to consumers from several banks (see Macquarie and ING offering 2.19% fixed rate mortgages). We expect to see an increase in refinancing activity as a result of this, which may buffer the hardship extensions.

Housing activity continues to perform better than expected, with auction clearance rates having rebounded strongly from their April lows of around 30% to around 60% and 65% in both Melbourne and Sydney. Housing prices remain steady which has been supported by record refinancing experienced by the major banks, and a functioning non-bank lending sector supported by the government.

Migration remains low, a function of the closed borders from the COVID-19 pandemic, with specific postcode and interstate lockdowns beginning to affect Melbourne. Changes in employment continue to exclude the underbelly of structural unemployment. The JobSeeker program does not require you to be actively seeking employment to retain it, and by some measure, individuals are receiving an income that does not provide them an incentive to go an seek gainful employment. Changes in employment for both full and part time workers continued to trend significantly lower, in line with skilled vacancies as employers were unable to retain skilled workers. The JobKeeper program has kept employees attached to their employer and will buffer long term structural employment.

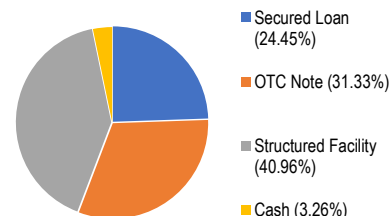
## Housing Arrears & Portfolio Performance

Portfolio arrears improved 5bps to 0.42% over the month driven by our RMBS exposures. Market arrears as shown by the S&P arrears index reported prime arrears for the month of April weakening slightly to 1.10%, while non-conforming arrears weakened to 5.10%. The portfolio continues to be managed according to our internal risk return criteria.

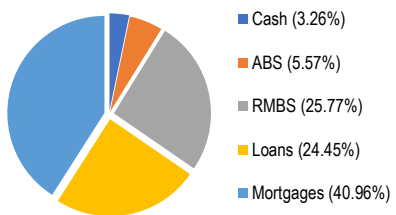
## Transactions & Market Flow

The Governments \$15bn Structured Finance Support Fund (SFSF) has continued to allocate to non-bank financiers, having supported Bluestones inaugural Sapphire transaction (non-conforming) with stronger than expected coverage ratios across the entirety of the capital structure. June saw a strong month of issuance, which included the first ABS transaction. Secondary market activity is returning. We continue to see increased enquiries of private funding requests which is providing healthy ongoing deal flow for the strategy. Private funding spreads have stabilised, and still provide a healthy premium for the liquidity trade offs. Secondary cash liquidity trades continue to present good value, given the spread between private and public markets has contracted.

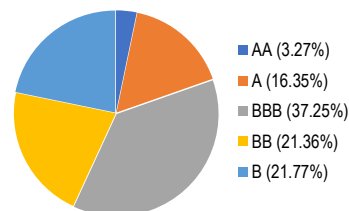
## Portfolio Composition



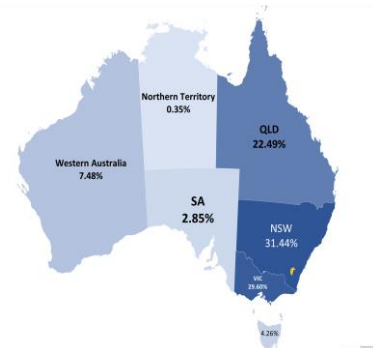
## Collateral Type



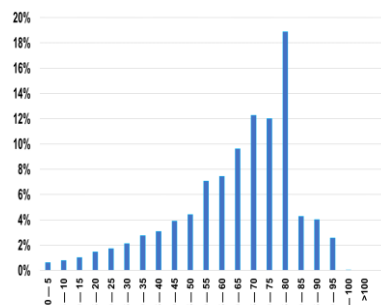
## Credit Quality



## Geographic Exposure



## Weighted Average Portfolio LVR



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