Realm Strategic Income Fund Enduring Units
May 2020

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	0.42%	0.02%
3 Month	1.32%	0.08%
Since Inception*	5.09%	0.34%

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

Gross Running Yield* 5.96%

*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 30th of June.

Zenith Investment Partners — Recommended

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 actually eat your cake.

Fund Next Withdrawal Window

The next withdrawal window will be closing at June 30. The fund grew by $25m in May, accordingly, we are accepting redemption requests for up to $500,000 which represents 10% of the balances for accounts funded prior to 31 May. 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: $30.4m/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-Offer-Notice-June-2020.pdf

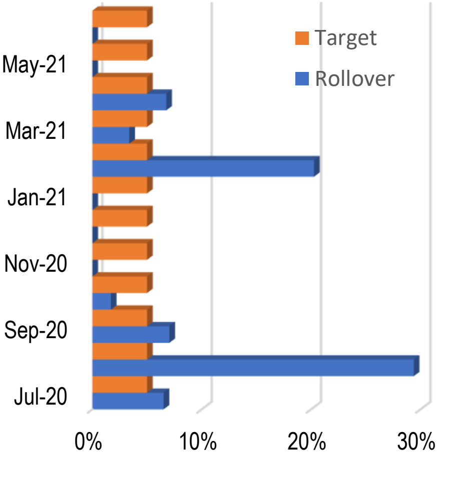
Platform Availability

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

Fund Statistics

Running Yield	5.96%
Volatility†	0.64%
Interest rate duration	0.05
Credit duration	1.09
Average Credit Rating	BB+
Number of positions	22
Average position exposure	4.49%
Worst Month*	0.42%
Best Month*	0.46%
Sharpe ratio∂	8.28
Information Ratio∂	7.48

Rollover vs Target



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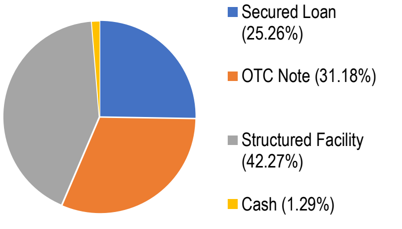
Fund Update

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 a range of Corporate facilities backed by loans (25.26%), structured mortgage facilities (42.27%), public asset backed securities (5.75%), as well as over the counter residential mortgage backed securities (RMBS) transactions (25.43%). The weighted average credit rating of the portfolio sits at BB+, with a short weighted credit duration of 1.09 years and a pre fee running yield of 5.96%.

Portfolio Composition



Portfolio Risk Analysis

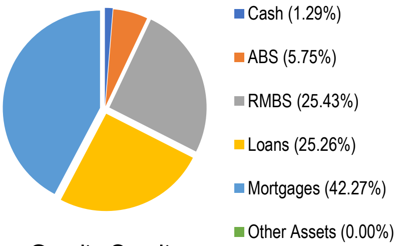
Australian economic health was mixed through May, however falls in the level of system risk will prove supportive for corporate balance sheets, loan markets and underlying asset strength.

Housing activity is performing better than expected, with auction clearance rates having rebounded strongly from their April lows of around 30% to around 70% in both Melb and Syd, which is actually higher than last year at this time. Housing prices remain steady which has been supported by record refinancing experienced by the major banks, in some cases offering every borrower payment holidays, regardless of hardship. We are expecting this to not translate into the non-bank financial sector, in fact we expect payment rates to slow given the tight credit markets.

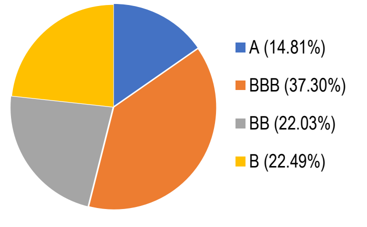
Migration remains low, a function of the closed borders from the COVID-19 pandemic, and Melb and Syd are more exposed to the sectors hit hardest by the virus lock down (notably foreign education and tourism) and to more lasting impacts on migration. Qld remains better placed in our opinion, in terms of fundamentals and exposure, with a boom expected in domestic tourism, once lock down eases. The WA housing market still looks fragile after its extended decline but should be one of the least exposed to the shock.

Employment change, based on our analysis will not show 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. In our opinion this will be especially prominent in the younger demographic of the job market on early evidence. 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.

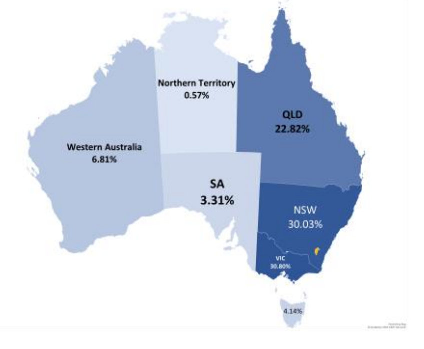
Collateral Type



Credit Quality



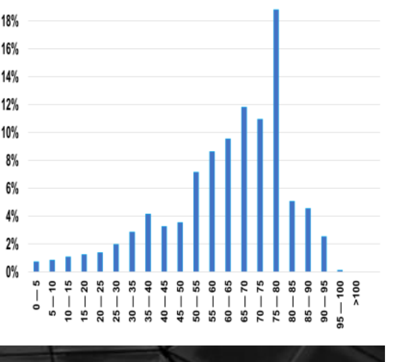
Geographic Exposure



Housing Arrears & Portfolio Performance

Portfolio arrears weakened 13bps to 0.47% over the month driven by changes to portfolio composition. The S&P arrears index reported prime arrears for the month of March weakened slightly to 1.03%, while non-conforming arrears weakened to 4.38%. We expect that market arrears will reduce, given that any borrower who has become delinquent from Mar will receive government support.

Weighted Average Portfolio LVR



Transactions & Market Flow

The Governments $15bn Structured Finance Support Fund (SFSF) has continued to allocate to non-bank financiers, having supported La Trobe Financials' (non-conforming) and Resimac's (Prime) transactions. Following Firstmac in April, these transactions brought further pricing colour to the RMBS market, with both transactions requiring support from the AOFM and pricing levels reflecting a soft market, with bid/cover ratios back to 1x. We are seeing increased enquiries of private funding requests which is providing a healthy deal flow for the strategy to pick through. Private funding spreads have not widened as fast as the public spreads, specifically as a function of the liquidity trade offs. The public market liquidity ratios are returning, with increased secondary activity. Secondary cash liquidity trades present good value, given the spread between private and public markets has contracted.

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