

### Fund Objective

The Realm High Income Fund is a fixed income strategy, that invests in domestic investment grade asset backed securities, bank-issued securities and corporate & government bonds. The objective of the Fund is to deliver investors a consistent return (net of fees and after franking) of 3% over the RBA cash rate through the market cycle.

### Net Performance

Period	Ordinary Units (incl. franking)	Wholesale Units (incl. franking)	RBA Cash Rate Return
1 Month	0.92%	0.95%	0.02%
3 Month	0.68%	0.78%	0.08%
6 Months	1.41%	1.62%	0.26%
1 Year	4.45%	4.89%	0.75%
3 Years p.a	3.41%	3.86%	1.25%
5 Years p.a	3.82%	4.27%	1.45%
Since Inception p.a*	4.84%	4.75%	1.86%

\* Past performance is not indicative of future performance. \*Ordinary units Inception 26 September 2012. Wholesale units Inception 2 October 2013.

### Fund Update

**Cash and Short-Term Liquidity Weighting:** ↑ Increased to 14.89%. Paydowns, coupons, maturities and fund inflow resulted in the organic increase in the cash and short-term liquidity position.

**Interest Rate Duration Position:** ↑ IRD positioning increased moderately to 1.31 years. Generally we use interest rate exposure for diversification purposes, however at present we are holding a more aggressive position in interest rates as part of our hedging portfolio.

**Corporate & Subordinated Debt Allocation:** ↑ Weighting to corporate and sub debt increased to 32.59% from 29.37%. Credit spreads continued to tighten over the month as market liquidity stabilised, resulting in an increase in primary activity which was particularly well received. We consciously increased our risk exposure by switching short term maturities into longer fixed bonds, with a preference to Australian names trading in US dollars. The disparity between AUD and USD securities highlights the distinct market characteristics which are a function of the different investor bases in both markets.

**Residential Mortgage Backed Securities (RMBS):** → RMBS allocation remained in line with last month. Spreads began to tighten towards the end of the month across RMBS markets with two new primary transactions pricing, in both non-conforming and prime markets. Investor support also cleared several large auctions for stock in secondary markets towards the latter part of the month, showing an improvement in the liquidity of the asset class. The Governments \$15bn Structured Finance Support Fund (SFSF) has continued to allocate to non-bank financiers (NBF's), having publicly supported Australian issuers in both primary and secondary public markets.

The SFSF continues to work through a mechanism to support COVID-19 related hardship claims for NBF's in both public term deals and private bank facilities. This qualifies as explicit support to this market by the Australian Treasury, illustrating the importance of securitisation and non-bank competition to government.

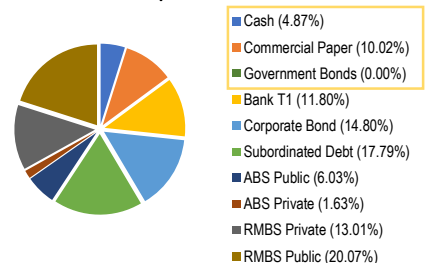
### Fund Statistics

Running Yield	4.54%
Yield to Maturity	4.50%
Volatility <sup>†</sup>	1.48%
Interest rate duration	1.31
Credit duration	3.69
Average Credit Rating	BBB
Number of positions	225
Average position exposure	0.31%
Worst Month*	-1.19%
Best Month*	1.22%
Sharpe ratio <sup>‡</sup>	3.24
Information Ratio <sup>‡</sup>	1.05

Calculated on Ordinary Units unless otherwise stated. \*Since Inception 26 September 2012. <sup>†</sup>Trailing 12 Months Calculated on Daily observations. <sup>‡</sup>Since Inception Calculated on Daily observations

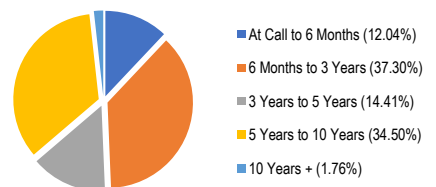


### Portfolio Composition

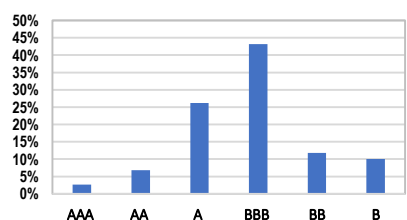


\*Yellow box reflects level of liquidity available within the fund.

### Maturity Profile



### Credit Quality



**Additional Tier 1 (AT1) Exposures:** ↑ AT1 exposures increased slightly to 11.80% from 11.10%. The increase was almost entirely from the USD market, which presented distinct single name opportunities. Our preference is still to the longer part of a predominantly flat bank T1 curve. The second half of the month saw AUD listed hybrids rally into levels where we were happy to trim positions for the purpose of risk allocation. Despite this we note that a stable low interest rate environment is likely to support sector outperformance.

**Asset Backed Securities (ABS):** ↓ Our ABS allocation reduced slightly over the month. We continue to monitor our exposures closely. Despite COVID asset performance has been stable and has up until this stage exceeded our expectations.

**Targeted risk across the Fund:** ↑ Targeted portfolio risk increased to 2.21% from 1.99% over the month. Additions across all sectors and in the longer part of the curve contributed to this increase in risk.

## Market Outlook

Markets moved their focus from the adverse developments of recent months towards the expected rebound in activity in the second half of the year. Whilst debate continued about the potential pathway of recovery, the outlook and preparedness to bear risk both improved significantly during May. This was reflected in the performance of major equity markets, credit markets, commodities like copper, the Australian dollar and also the lowering of the VIX level.

In Australia, following an excellent outcome on the management of COVID thus far, the markets reacted favorably to the plans to re-open the economy. The plans announced by the National Cabinet were at a faster pace than might have been anticipated, including by the RBA.

Consumer confidence improved strongly off its lows and this observation was further supported by observations from credit card data and the relatively low take-up of the early access to superannuation initiative. The pleasant surprise that the projected spend on the JobKeeper initiative was over-stated by an eye-watering \$60bn was both welcome and also highlighted that the employment market was also stronger than had been feared. This observation which was also supported by household surveys where unemployment appears to have climbed by 3% of the population aged over 18yrs since early March, with a further 2.3% working less hours than they were paid for.

Although domestic developments were favorable, the increased political risk in the US heading into the November elections and also increasingly caustic disputes involving China and other countries, including Australia, are issues of global significance. Fortunately the risk of a European fragmentation arising to the financing of a recovery from COVID appear to be abating. Overall, these developments have supported our decisions to have significantly extended credit exposures and reduced hedging activities since April. The housing market remains well supported and the likelihood of defaults on mortgages and consumer credit remains well contained. We also note that optimism amongst domestic businesses is now at levels which are the highest for over five months.

## Sector Allocation

Sector	Asset Allocation Range	SAA Target
Cash	0% - 100%	10%
Government Bonds	0% - 100%	10%
Corporate Bonds	0% - 60%	10%
Corporate Hybrids	0% - 10%	5%
Bank Tier 1 Hybrids	0% - 25%	15%
Sub Debt Hybrids	0% - 25%	15%
RMBS	0% - 60%	30%
ABS	0% - 20%	5%

## Fund Details

**Distribution Frequency:** Monthly

**Liquidity:** Daily

**Buy/Sell:** 0.125% / 0.125%

**Direct Minimum Investment:**

Ordinary Units - \$25,000  
 Wholesale Units - \$1,000,000  
 Adviser Units - \$25,000  
 mFund Units - \$10,000

**Inception Date:** 26.9.2012

**Fund size:** AUD \$626 million

**APIR Codes:**

Ordinary Units - OMF0001AU  
 Wholesale Units - OMF0009AU  
 Adviser Units - OMF0018AU  
 mFund Units - OMF1394AU

**Management Fees (inc. GST):**

Ordinary Units - 1.20%  
 Wholesale Units - 0.77%  
 Adviser Units - 0.77%  
 mFunds Units - 0.77%

**Responsible Entity:** One Managed Investment Funds Ltd

**Custodian:** JP Morgan

**Unit Pricing and Unit Price History:**

<https://www.realminvestments.com.au/our-products/realm-high-income-fund/>

## Platform Availability

- BT Wrap
- BT Panorama
- Credit Suisse
- Crestone
- First Wrap
- Hub24
- Macquarie Wrap
- Managed Accounts – IAS
- MLC Navigator
- MLC Wrap
- Netwealth
- Powerwrap
- Praemium
- uXchange
- mFund Settlement Service - mFund code: RLM03

Disclaimers on following page

## DISCLAIMER

Realm Investment Management Pty Ltd ACN 158 876 807, a corporate authorised representative (number 424705) of Realm Pty Ltd ACN 155 984 955 AFSL 421336 (Realm) is the investment manager of the Realm High Income Fund (ARSN 159 673 533) (Fund). One Managed Investment Funds Limited (ABN 47 117 400 987) (AFSL 297042) is the responsibility entity of the Fund (OMIFL). The information contained in this document was not prepared by OMIFL but was prepared by other parties. While OMIFL has no reason to believe that the information is inaccurate, the truth or accuracy of the information contained therein cannot be warranted or guaranteed. Anyone reading this report must obtain and rely upon their own independent advice and inquiries. Investors should consider the product disclosure statement (PDS) issued by OMIFL before making any decision regarding the Fund. The PDS contains important information about investing in the Fund and it is important investors obtain and read a copy of the PDS before making a decision about whether to acquire, continue to hold or dispose of units in the Fund. You should also consult a licensed financial adviser before making an investment decision in relation to the Fund. A copy of the Ordinary Units, mFunds Units and Wholesale Units PDS, Adviser Units PDS, Additional PDS (Dated 12 November 2018) and continuous disclosures may be obtained from <http://oneinvestment.com.au/realm/> or <http://www.realminvestments.com.au/>. Realm believes that the information contained in this document is accurate when issued. Realm does not warrant that such information or advice is accurate, reliable, complete or up-to-date, and to the fullest extent permitted by law, disclaims all liability of Realm and its associates. This document should be regarded as general information only rather than advice. In preparing this document, Realm did not take into account the investment objectives, financial situation and particular needs of any individual person. The information contained in this document must not be copied or disclosed in whole or in part without the prior written consent of Realm, and Realm accept no liability whatsoever for the actions of third parties in this respect. It is presented for informational purposes only and is not to be construed as a solicitation or an offer or recommendation to buy or sell any securities. Any opinions expressed in this document may be subject to change. Realm is not obliged to update the information. The information must not be used by recipients as a substitute for the exercise of their own judgment and investigation. Neither Realm nor any of their directors, employees or agents accept any liability for any loss or damage arising out of the use of all or part of, or any omission, inadequacy or inaccuracy in, this document. OMIFL and Realm do not guarantee the performance of the Fund or the repayment of any investor's capital. To the extent permitted by law, neither OMIFL nor Realm, including their directors, senior executives, employees, consultants, advisers, officers or authorised representatives, are liable for any loss or damage arising as a result of reliance placed on the 31 May 2020.

## ZENITH DISCLAIMER

The Zenith Investment Partners ("Zenith") Australian Financial Services License No. 226872 rating (May 2020) referred to in this document is limited to "General Advice" (s766B Corporations Act 2001) for Wholesale clients only. This advice has been prepared without taking into account the objectives, financial situation or needs of any individual and is subject to change at any time without prior notice. It is not a specific recommendation to purchase, sell or hold the relevant product(s). Investors should seek independent financial advice before making an investment decision and should consider the appropriateness of this advice in light of their own objectives, financial situation and needs. Investors should obtain a copy of, and consider the PDS or offer document before making any decision and refer to the full Zenith Product Assessment available on the Zenith website. Past performance is not an indication of future performance. Zenith usually charges the product issuer, fund manager or related party to conduct Product Assessments. Full details regarding Zenith's methodology, ratings definitions and regulatory compliance are available on our Product Assessments and at [www.zenithpartners.com.au/regulatory-guidelines-funds-research](http://www.zenithpartners.com.au/regulatory-guidelines-funds-research).