Realm High Income Fund June 2020

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	0.88%	0.92%	0.02%
3 Month	2.80%	2.90%	0.06%
6 Months	2.25%	2.45%	0.22%
1 Year	4.55%	4.99%	0.66%
3 Years p.a	3.61%	4.05%	1.21%
5 Years p.a	4.10%	4.55%	1.43%
Since Inception p.a*	4.91%	4.84%	1.84%

* 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: ↓ Decreased to 13.86%. Overall, net inflows were allocated to credit opportunities in corporate and structured credit.

Interest Rate Duration Position: ↑ IRD positioning increased moderately to 1.58 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 33.36% from 32.59%. Credit spreads continued their momentum crunching tighter over the month. Ample market liquidity resulted in the increase in domestic primary issuance – from regional banks down to the significantly affected airport sector. Net additions in the portfolio were skewed to AUD and where possible, securities were rotated in order to maximise risk to reward – consistent with our investing ethos. COVID induced market volatility is still evident and is presenting pockets of opportunity.

Residential Mortgage Backed Securities (RMBS): → RMBS allocation remained in line with last month. Spreads continued to tighten with issuers continuing to access term RMBS markets with several new primary transactions launching and pricing, across non-conforming, prime and ABS markets. Secondary market turnover continued to increase as the colour in primary markets gave larger secondary market makers and other market participants the confidence to price the asset class more effectively.

The Government's $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.

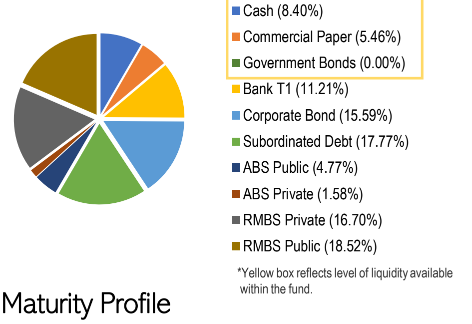
The SFSF continues to work through a mechanism to support COVID-19 related hardship claims for NBF's in both public term deals and private bank facilities. This qualifies as explicit support to this market by the Australian Treasury, illustrating the importance of securitisation and non-bank competition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

Fund Statistics

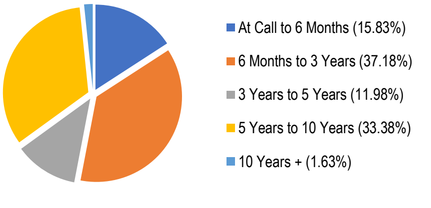
Running Yield	4.34%
Yield to Maturity	4.25%
Volatility†	1.52%
Interest rate duration	1.58
Credit duration	3.57
Average Credit Rating	BBB
Number of positions	212
Average position exposure	0.33%
Worst Month*	-1.19%
Best Month*	1.22%
Sharpe ratio∂	3.26
Information Ratio∂	3.36

Calculated on Ordinary Units unless otherwise stated. *Since Inception 26 September 2012. †Trailing 12 Months Calculated on Daily observations. ∂Since Inception Calculated on Daily observations

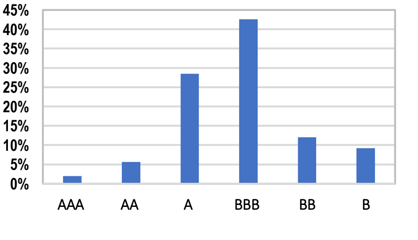
Portfolio Composition



Maturity Profile



Credit Quality



Distribution: Broc McCauley broc.m@realminvestments.com.au
Client Services: 03 9112 1150 clientservices@realminvestments.com.au
Level 17, 500 Collins St. Melbourne VIC 3000

Realm High Income Fund
June 2020

Additional Tier 1 (AT1) Exposures: ↓ AT1 exposures decreased slightly to 11.21% from 11.80%. Both the domestic listed hybrids and USD AT1 securities rallied over the month. Australian listed securities outperformed meaningfully through June, the result being that Aussie names in USD are now presenting superior value versus the ASX listed equivalents. The portfolio has been repositioned to take advantage of this dynamic.

Asset Backed Securities (ABS): ↓ Our ABS allocation reduced slightly over the month. We continue to monitor our exposures closely, where many issuers have raised capital on balance sheet and funding from the AOFM in both public and private arrangements.

Targeted risk across the Fund: ↓ Targeted portfolio risk decreased to 2.16% from 2.21% over the month. A net inflow into the fund, along with a decrease in overall market volatility contributed to this decrease in risk.

Market Outlook

Credit markets continued to recover as incoming data suggested that the worst of the economic hardship arising from COVID may have passed for major economies. The corporate bond oriented liquidity operations by the ECB, BoJ and Fed were also supportive.

Key economic outcomes reported during the month were very favourable relative to expectations. Most notable amongst these was an exceptionally strong non-farm payroll figure from the US which showed a surprising reduction in the level of unemployment from 14.7% in April to 13.3% in May. Surveys of company activity in major economies also indicated that the rate of decline, particularly in manufacturing, had slowed in May. Nonetheless, the outlook for capital expenditure remains highly uncertain.

In Australia, credit card data and analysis drawn from One-Touch Payroll transactions showed that consumer sentiment and the labour market had likely troughed in April. Whilst the labour market has only made a partial recovery from its lows, retail expenditure has markedly recovered as movement restrictions have eased. In-store expenditure is already close to pre-COVID levels. The housing market also remains orderly although approximately 2% of mortgages may face difficulty with resuming pre-COVID level payment schedules in September.

However, there were a range of significant negative developments. These include a sharp rise in new COVID cases in the US and smaller outbreaks in Korea, Japan and also Beijing. Meanwhile, the disease is spreading quickly through India, Brazil and Russia. Additionally, China has adopted an increasingly assertive position in Hong Kong. A border skirmish with India and provocative moves surrounding Taiwan were noted. China was also implicated in a sustained cyber-attack against Australian entities. These developments bring risks to domestic funding markets and exports.

As the credit markets have recovered strongly off distressed levels in March, reflecting improving economics and strong official sector support, we believe the balance of risk is now shifting towards the negative tail once again.

Whilst we remain fully positioned in general credit exposure, we will be looking to rebuild some portfolio protections once again. We have also stress tested our mortgage exposure with extreme second wave assumptions, far worse than for the US experience thus far, and are satisfied with the current settings.

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: 0.05% / 0.05%
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 $643 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 contents of this document. Realm only provides services to wholesale clients, as defined in section 761G of the Corporations Act. Past performance is not indicative of future performance. Information in this document is current as at 30 June 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.