

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	0.30%	0.34%	0.02%
3 Month	1.40%	1.52%	0.06%
6 Months	2.09%	2.31%	0.14%
1 Year	3.83%	4.27%	0.54%
3 Years p.a	3.63%	4.07%	1.14%
5 Years p.a	4.06%	4.51%	1.37%
Since Inception p.a*	4.87%	4.80%	1.81%

* 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 18.95%. Overall, net inflows were allocated to credit opportunities in corporate and structured credit.

Interest Rate Duration Position: ↓ IRD positioning decreased moderately to 1.52 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 33.59% from 30.86%. Risk on sentiment in the market continued to drive credit spreads tighter – AUS iTraxx index decreased from circa 75 to 64 points. Market volatility was also subdued over the month with VIX at an average value of 23, highlighting a reduction of general concern. There is currently significant liquidity in the financial system, driven by a combination of sources, including skyrocketing household deposits and the term funding facility. This will mitigate the need for any meaningful senior bank issuance, however the tightening of credit spreads will continue to support issuance in the corporate sector and in bank capital product. As a consequence of these market events and in line with our current investment thesis, our allocation to both corporate bonds and subordinated debt increased, with a heavy skew to the latter.

Residential Mortgage Backed Securities (RMBS): ↓ RMBS allocation reduced slightly from last month. Spreads continued to trend tighter with both prime and non-conforming deals pricing in market with very high levels of support, especially across the investment grade portion of the capital structure. The launch of a new regional bank transaction (HSBC Australia) also provided good colour to the market giving market participants further confidence in pricing the asset class.

Focus on the Government's \$15bn Structured Finance Support Fund has moved to Forbearance SPV, with this facility now funding an initial round of Hardship loans back dated to March. This facility, along with the broader fund has provided the market with confidence, and offshore investors are seeing Australia as a strong outperformer relative to other global markets.

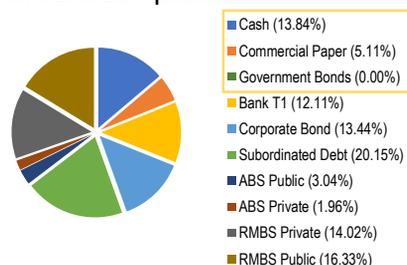
Fund Statistics

Running Yield	3.93%
Yield to Maturity	3.71%
Volatility†	1.57%
Interest rate duration	1.52
Credit duration	3.48
Average Credit Rating	BBB
Number of positions	196
Average position exposure	0.34%
Worst Month*	-1.19%
Best Month*	1.22%
Sharpe ratio [‡]	3.05

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

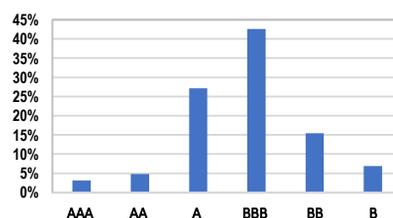


*Yellow box reflects level of liquidity available within the fund.

Maturity Profile



Credit Quality



Additional Tier 1 (AT1) Exposures: ↓ AT1 exposures decreased slightly to 12.11% from 12.30%. Net additions to the sector were targeted at AUD institutional issues over retail listed securities. As domestic listed hybrids continued their rally into our target levels, some of our position was trimmed. The portfolio is managed dynamically to take advantage of the relativities between retail, institutional and USD markets.

Asset Backed Securities (ABS): ↓ Our ABS allocation reduced slightly from last 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. The sector appears to have benefited from the early super release scheme.

Targeted risk across the Fund: ↓ Targeted portfolio risk decreased to 1.88% from 2.06% 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

Financial markets struck an optimistic tone over the month. Equity markets, industrial commodities and risk assets generally performed well, including credit.

FAANGM and related stocks continued to drive US equity market performance and took the S&P 500 to record highs. Measures of credit risk declined further off March highs and compressed to levels similar to that observed in 2019, when the dominant concern at the time was the US-China trade relationship.

The new case count for covid exhibited stability on a global basis. The situation in India continued to be severe. The US appears to have managed the most recent national second wave, although the situation in Europe has deteriorated significantly. Victoria declared a State of Disaster. More favourably, the outlook for a vaccine approval for use by year end, other than by Chinese or Russian authorities, has become an expectation rather than an optimistic case.

The outlook for domestic non-mining construction remains fraught and also for the services sector. These were dealt a significant blow by the Stage 4 settings in Victoria. This setback has produced significant impacts on employment, taking government income support levels to new highs. Expectations for unemployment were raised and the scarring effects will be felt for even longer than previously expected.

Although credit spreads are narrow on the basis of economic fundamentals, they are clearly being supported by accommodative monetary policy and a commitment to maintain availability of credit to households. To that end, we remain comfortable with the credit quality of our RMBS portfolio despite declining house prices. The provision of cheap finance to the banking sector will create scarcity for senior bank paper, however we see less value in corporate paper more generally.

Whilst our portfolios have maintained significant exposures to corporate and bank capital, particularly for debt issued into the USD market, valuation support has now declined. We are seeking to shift some portfolio exposures towards selected RMBS positions where pockets of excellent relative value can be found. We are biased to reducing aggregate portfolio risk into further market strength. We are maintaining significant portfolio protections despite strong commitments from central banks to support financial markets and the economy more generally.

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 \$719 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
- Xplore Wealth
- MLC Navigator
- MLC Wrap
- Netwealth
- Powerwrap
- Praemium
- uXchange
- mFund Settlement Service - mFund code: RLM03
- Australian Money Market (Retail Units)

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