Realm High Income Fund February 2021

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	-0.55%	-0.54%	0.01%
3 Month	-0.03%	0.07%	0.02%
6 Months	1.56%	1.77%	0.08%
1 Year	3.69%	4.12%	0.22%
3 Years p.a	3.67%	4.11%	0.92%
5 Years p.a	4.19%	4.64%	1.18%
Since Inception p.a*	4.77%	4.72%	1.71%

* 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 28.02%. Attributed to net inflows and profit taking across corporate and structured credit as valuations continue to be stretched.

Interest Rate Duration Position: ↓ IRD positioning decreased from 1.90 to 1.60 years. Interest rate exposure within the portfolio is optimised to compliment the funds core credit exposure. The funds interest rate positioning was the key detractor of portfolio performance over the month of February as government bond yields surged through the second half of February.

Corporate & Subordinated Debt Allocation: ↓ Weighting to corporate and sub debt decreased to 33.39% from 36.63%. The risk-on sentiment powered through for most of February, despite credit markets being tighter than pre-pandemic levels. We took this opportunity to take profits and de-risk the portfolio, particularly in Major Bank Tier 2's and USD corporates. This was well timed given the rate induced sell-off at month-end. Portfolio is now well positioned to add risk selectively.

Residential Mortgage Backed Securities (RMBS): ↓ RMBS allocation decreased over the month from 28.7% to 23.6%, asset sales and fund growth were the key drivers. COVID hardship numbers continue to perform well, with performance as shown by the S&P arrears index weakening slightly, this is a seasonal effect and normal for the Christmas period. Yields tightened strongly in public markets, as issuance from the first non-bank prime transaction (Columbus Triton) demonstrated the strong appetite for RMBS product. Strong offshore demand combined with an expected period of low asset supply through 2021 continue to drive structured credit markets tighter. Secondary markets remain highly active, with the level of reverse enquiry searching for assets continuing to increase.

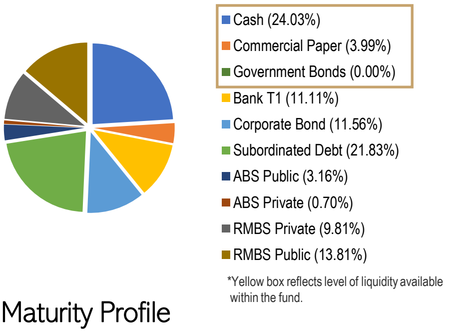
The Government's $15bn Structured Finance Support Fund was not used to support any public deals in either primary or secondary markets over the month. The level of COVID forbearance is now at levels which are near enough the outer end of what would constitute normal. System provisions for loss are now actively being reduced among banks and non-banks alike.

Fund Statistics

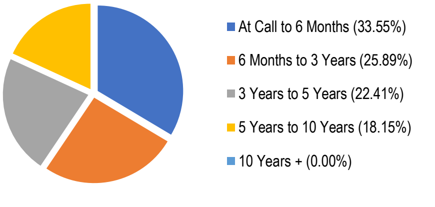
Running Yield	3.39%
Yield to Maturity	3.18%
Volatility†	1.98%
Interest rate duration	1.60
Credit duration	2.51
Average Credit Rating	BBB
Number of positions	211
Average position exposure	0.35%
Worst Month*	-1.19%
Best Month*	1.22%
Sharpe ratio∂	3.04

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

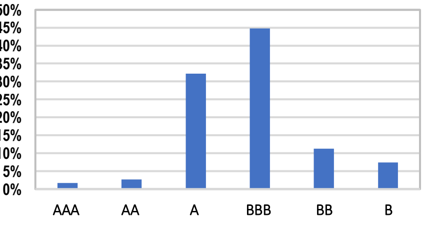
Portfolio Composition



Maturity Profile



Credit Quality



Distribution: Broc McCauley 0433 169 668 broc.m@realminvestments.com.au
Client Services: 03 9112 1150 clientservices@realminvestments.com.au
Level 17, 500 Collins St. Melbourne VIC 3000

Additional Tier 1 (AT1) Exposures: ↑ AT1 exposure increased to 11.11% from 10.42%. In line with the firm's relative value philosophy, we rotated the portfolio towards AT1's. The portfolio also saw some switching, the net effect being that the average maturity of our AT1 holdings has reduced. We also note that ASX listed AT1 now compares favourably to USD AT1, especially at shorter maturities. Supply/demand dynamics continued to be supportive of the AT1 market over the month.

Asset Backed Securities (ABS): ↑ Our ABS allocation increased slightly from 3.53% last month to 3.86% at the end of the month. Exposures continue to be monitored closely. The sector outperformed expectations through the COVID period, with deferrals comparing favourably versus other more conventional types of risk, such as mortgages.

Targeted risk across the Fund: ↓ Targeted portfolio risk decreased to 1.45% from 1.57% over the month. Portfolio movements predominately contributed to this decrease in risk.

Market Outlook

A sharp rise in bond yields at the end of the month disrupted the recent pattern of strength in risk markets. Investors moved to price in a likelihood that recent observations of inflationary forces in commodities, and also that arising from supply chain frictions, would persist and permeate more widely as the economy recovers from covid, and is strongly boosted by very significant fiscal support, particularly in the US. In contrast, major central banks re-iterated that labour markets remained weak and that this would keep wages and price inflation below target levels for several years to come. They also indicated that short term inflation pressures would pass and re-affirmed guidance for cash rates not to be raised for several years. Despite this, it was notable that Fed governors did not seek to talk down the recent spike in long term interest rates, largely seeing it as an appropriate development, although the RBA did seek to defend the 10-year bond yield via a symbolic increase in QE purchases.

Sentiment was supported by the ongoing roll-out of vaccines, indications that these would be effective against emerging strains and additions to the suite of choices. New case counts dropped significantly in the US over the month as movement restrictions had their desired effect. However, positivity rates have started to rise again as restrictions were lifted. The B117 ('Kent variant') has been reported in almost every state. If this more virulent strain is circulating at even a modest level, new case loads will be difficult to contain and may contribute to a near term downgrade in economic expectations. European new case counts proved to be more resilient, despite progress early in the month.

Economic outcomes continue to support earlier observations that spending and consumption recover as circumstances evolve to allow freedom of movement. Business sentiment has generally improved and activity has picked up. There are increasing indications that China is starting to slow its rate of recovery in order to limit the further build up of imbalances in its financial system.

Credit spreads for corporate and bank capital widened towards the end of the month although the structured debt market remained well supported. We continue to believe that credit markets are fully priced, with the best value now to be found in structured debt.

We are looking to deploy some of our elevated cash holdings into mezzanine RMBS. We see value in the available spreads, on a comparative basis, as housing markets remain functional and are supported by a positive employment outlook and low interest rates. We continue to have significant hedges in place. Although the sharp increase in bond yields contributed significantly to a negative return over the month, they remain a measured but important part of the portfolio and have contributed to favourable risk-adjusted returns over the longer term.

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 $968 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
- MLC Navigator
- MLC Wrap
- Netwealth
- Powerwrap
- Praemium
- uXchange
- Xplore Wealth
- mFund: RLM03
- Australian Money Market (Retail Units)

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 28 February 2021.

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.