

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	0.11%	0.15%	0.06%
3 Month	0.72%	0.83%	0.19%
6 Months	1.70%	1.92%	0.39%
1 Year	5.10%	5.53%	1.05%
3 Years p.a	3.52%	3.97%	1.35%
5 Years p.a	3.84%	4.29%	1.55%
Since Inception p.a*	4.92%	4.82%	1.91%

* 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 slightly to 17.1%.

Interest Rate Duration Position: ↑ IRD positioning increased moderately to 1.20 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 subordinated debt decreased meaningfully to 29.3% from 35.39%. Majority of the decrease was skewed to senior financial bonds. The month of February saw senior paper rally to levels which were fundamentally expensive in our view, hence, led to us reducing our exposure meaningfully. Our investment philosophy of managing risk relative to return led to us trimming these holdings, coincidentally, right before the Coronavirus led sell off. The increased global market volatility and diminished investor demand led to the postponement of various primary issues. Overall credit supply remained soft which was amplified by a significant reduction in trade flows towards the later part of the month.

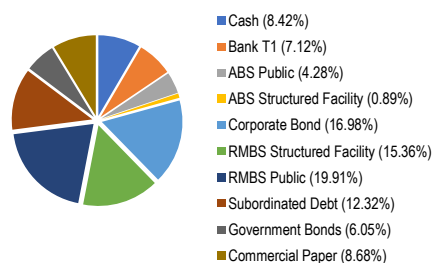
Residential Mortgage Backed Securities (RMBS): ↑ RMBS allocation increased over month, driven by an increase to our structured facilities. We continued to see strong market pricing again driven by the demand for high quality RMBS paper. Market performance as shown by the S&P arrears index (SPIN) for the month of December showed prime arrears remaining static at 0.90%, while non-conforming weakened to 3.47%. Major bank arrears improved 10bps to 1.08%, while regional banks moderated slightly to 1.37%. Geographically, arrears were mixed but largely steady across all states. NSW weakened 2bps, VIC improved 1bp and QLD improved 2bps to 1.20%, 1.20% and 1.62% respectively. WA also moderated 2bps and SA remained steady. In summary, rising demand for the sector continues to bring performance. We maintain our positive view and are seeking to opportunistically move overweight given prevailing conditions.

Fund Statistics

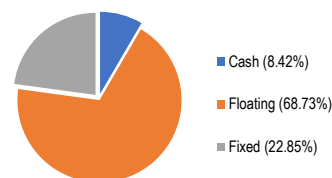
Running Yield	4.22%
Volatility†	0.74%
Interest rate duration	1.20
Credit duration	2.62
Average Credit Rating	BBB+
Number of positions	237
Average position exposure	0.37%
Worst Month*	-0.47%
Best Month*	1.22%
Sharpe ratio [‡]	3.21
Information Ratio [‡]	1.48

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

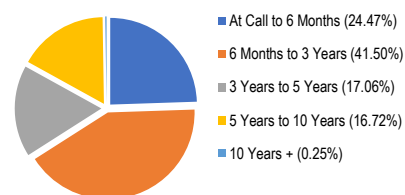
Portfolio Composition



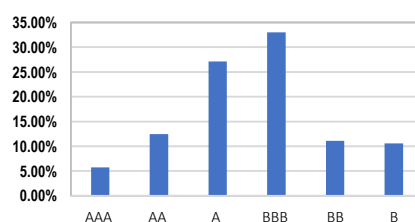
Fixed and Floating Breakdown



Maturity Profile



Credit Quality



Additional Tier 1 (AT1) Exposures: ↑ AT1 exposures increased to 7.12% from 5.88%. We continue to hold the view that low cash rates are likely to support the Australian listed market. The rate cut in early March only further supports this theme. Volatility in the short term has spiked, however we are constructive and believe a continued sell off in this market could present an opportunity to move our exposure to this market higher. That said any increase will be enacted gradually and opportunistically.

Asset Backed Securities (ABS): ↑ Our ABS allocation increased slightly over the month driven primarily by secondary market activity. Market demand for asset backed paper remains very strong, given its short dated nature and good yield.

Targeted risk across the Fund: ↓ Targeted portfolio risk decreased to 1.00% from 1.10% over the month. The decrease resulted from the reduction of senior financial securities as they rallied into expensive territory.

Market Outlook

The Coronavirus was the primary driver of markets over the month.

The bond market was at the fore once again, with 10 year bonds in the US having declined almost 0.7% in yield at the time of writing from the beginning of Feb. Aussie yields also declined meaningfully with the 10 year rate declining 0.3%. These are very large movements and reflect a strong safe haven bid.

Credit and risk markets hadn't shown a lot of concern in January, however that changed in late Feb as the virus broke containment. This has continued in March, with the S&P 500 off more than 8% since the beginning of Feb, while VIX has surged from 18 to 40, and US BBB 10 year credit has come off more than 1%.

Here in Australia a number of parts of our credit market were weaker still. It is our view that this is a function of the participation of Asian private bank investors in a number of our credit products, who have a tendency to be a little flightier when the whips are cracking.

Portfolio risk had been reduced going into January, and was reduced further still in February as we took advantage of market strength through the middle of the month.

What is more we maintained our overweight interest rate position and added hedges in the form of equity put options and volatility futures. All in all the credit book is well hedged and puts us in a position to protect investor capital now that it matters. This pleasingly saw the fund deliver a positive return in February. We remain in good shape as at the time of writing on the 6th of March.

While parts of the market are starting to interest us from a valuation perspective, our priority is on maintaining liquidity and capital stability in the very short term. That said our process and style is contrarian by nature, which means that our target lists and levels are live and ready for a decision to increase portfolio risk at the appropriate time.

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 - \$25,000

Inception Date: 26.9.2012

Fund size: AUD \$619 million

APIR Codes:

Ordinary Units - OMF0001AU

Wholesale Units - OMF009AU

Adviser Units - OMF0018AU

mFund Units - OMIF1394AU

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

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