

### Fund Objective

The Realm Short Term Income Fund seeks to produce a return (net of fees) that exceeds the total return of the RBA Overnight Cash Rate by 1.50%-2.00% p.a. over rolling three-year periods.

### Net Performance

Period	Ordinary Units	RBA Cash Rate
		Return
1 Month	0.17%	0.06%
3 Month	0.58%	0.19%
6 Month	1.10%	0.39%
12 Month	2.75%	1.05%
2 year	2.76%	1.27%
Since Inception	2.78%	1.29%

### Fund Update

**Cash and Short-Term Liquidity Weighting:** ↑ Cash and Short dated liquidity increased slightly to 24.93% from 23.59%.

**Interest Rate Duration Position:** ↑ 0.12 years. The strategy will maintain interest rate duration of approximately 3 months as an average. However, the manager can increase interest rate exposure to as high as 1 year under certain conditions. The strategy will as a rule only take modest interest rate risk.

**Corporate & Subordinated Debt Allocation:** ↓ Decreased slightly to 45.59% from 46.95%. Marginal moves resulted from active portfolio optimisation. The corporate book is very conservatively positioned in short dated senior paper of Australian ADIs, these assets experience very low levels of relative market volatility.

**Residential Mortgage Backed Securities (RMBS) & ABS:** → Remained in-line with last month. The month of February saw several transactions pricing with a strong pipeline of issuers announcing intentions to come to market in the short to medium term. We continued to see securitised markets maintain a strong bid with low turnover again observed as investors prefer to hold good quality paper for yield rather than sell. The structured credit portfolio maintains an A+ credit rating and a weighted average credit duration of 1.67 years. Market performance for prime issuance showed arrears remaining at their 2 year low in December, with the S&P arrears index (SPIN) static at 0.90%, while non conforming arrears weakened to 3.47%. Major banks strengthened 10bps to 1.08% while regional banks weakened slightly to 1.37%.

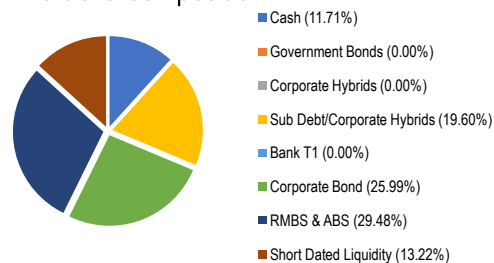
**Targeted risk across the Fund:** ↓ Targeted risk reduced slightly to 0.35% from 0.37%. Meanwhile, realised standard deviation is at 0.13%, which is only marginally wider than the bank bill index. The portfolio remains defensively positioned, despite this the fund has met its return objective over the last 12 months delivering 2.75% after fees. This is evidence that the strategy is well designed, and that it delivers a reasonable premium over cash while maintaining a very tight distribution of returns month on month.

### Fund Statistics

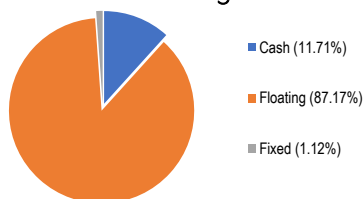
Running Yield	2.74%
Volatility <sup>†</sup>	0.13%
Interest rate duration	0.12
Credit duration	1.42
Average Credit Rating	A
Number of positions	63
Average position exposure	1.42%
Worst Month*	0.14%
Best Month*	0.34%
Sharpe ratio <sup>‡</sup>	26.26
Information Ratio <sup>‡</sup>	22.49

Calculated on Ordinary Units unless otherwise stated. \*Since Inception 21 December 2017. †Trailing 12 Months Calculated on Daily observations. ‡Since Inception Calculated on Daily observations

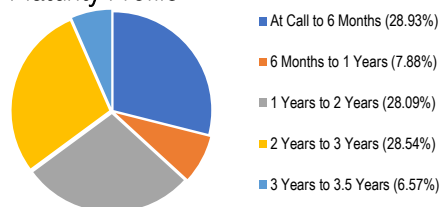
### Portfolio Composition



### Fixed and Floating Breakdown



### Maturity Profile



### Credit Quality



# Realm Short Term Income Fund

## February 2020



### Market Outlook

The Realm Short Term Income Fund is a short duration low volatile strategy, providing sector diversity coupled with weighted credit duration of less than 1.5 years. In addition, an investment grade only credit quality limit will act to minimise portfolio volatility even during periods of heightened credit volatility.

While the portfolio can increase and decrease aggregate risk, this is managed in a tight band. The focus being on maintaining a competitive rate of return versus term deposits while guarding the portfolio against volatility and liquidity risk.

In instances of market volatility, investors will find that the portfolio will perform adequately, with draw down risk mitigated by tight portfolio limits and portfolio diversity. 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.

There wasn't any real change to portfolio settings into the month. This is due to how conservatively positioned the fund is. The very short average maturity of securities coupled with higher ratings provides for a very durable strategy.

The approach taken in the Realm Short Term Income fund is particularly conservative. We expect that this strategy will perform well versus peers in periods of higher volatility, while delivering a rate of return which compares favourably to at call cash accounts and term deposits.

### Sector Allocation

Sector	Asset Allocation Range	SAA Target
Cash	10% - 100%	10%
31 Day Notice Account	0% - 20%	10%
Government Bonds	0% - 90%	0%
Corporate Bonds	0% - 40%	25%
Sub Debt/Corporate Hybrids	0% - 20%	10%
RMBS & ABS	0% - 30%	25%
Short Dated Liquidity	0% - 60%	20%

### Fund details

**Distribution Frequency:** Monthly

**Liquidity:** Daily

**Buy/Sell:** 0.00% / 0.00%

**Direct Minimum Investment:**

Ordinary Units - \$25,000

mFunds Units - \$25,000

**Inception Date:** 12.12.2017

**Fund size:** AUD \$94 million

**APIR Codes:**

Ordinary Units - OMF3725AU

mFunds Units - OMF8160AU

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

Ordinary Units – 0.33%

mFunds Units – 0.39%

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

**Custodian:** Mainstream Funds Services Pty Ltd

**Unit Pricing and Unit Price:**

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

### Platform Availability

- Hub24
- Netwealth
- Powerwrap
- Praemium
- mFund Settlement Service - mFund code: RLM02

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