

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	0.32%	0.02%
3 Month	0.79%	0.06%
6 Month	1.22%	0.18%
1 Year	2.30%	0.60%
2 Year	2.74%	1.02%
Since Inception	2.74%	1.13%

Fund Update

Cash and Short-Term Liquidity Weighting: ↓ Cash and Short dated liquidity decreased slightly to 34.84% from 35.04%.

Interest Rate Duration Position: → 0.11 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: ↑ Increased slightly to 36.3% from 36.2%. Net movement resulted from shorter dated regional sub-debt being replaced with slightly longer dated sub-debt. 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: → RMBS allocation remained fully allocated, with a credit rating of A and a weighted average credit duration of 1.55 years. Spreads tightened again over the month, especially within investment grade RMBS as support increased by high coverage ratios. This strong market interest was seen in both prime and non-conforming markets. We expect continued deal flow now that pricing has given issuers good market colour, with further strength in secondary market activity.

We have stress tested the portfolio for an APRA and depression style unemployment and housing market decline scenario. The results showed no impairment to any of the portfolio's securities. Non-call events or maturity extension will impact the portfolio performance by less than 0.05%.

The Government's \$15bn Structured Finance Support Fund has continued to allocate to non-bank financiers, having publicly supported Australian issuers in both primary and secondary public markets. The SFSF finalised the 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. The support will fund loans in Hardship from March 2020.

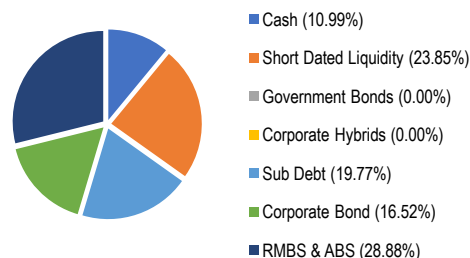
Fund Statistics

Running Yield	2.18%
Yield to Maturity	1.97%
Volatility†	0.39%
Interest rate duration	0.11
Credit duration	1.47
Average Credit Rating	A
Number of positions	54
Average position exposure	1.59%
Worst Month*	0.09%
Best Month*	0.34%
Sharpe ratio [‡]	17.71
Information Ratio [‡]	14.77

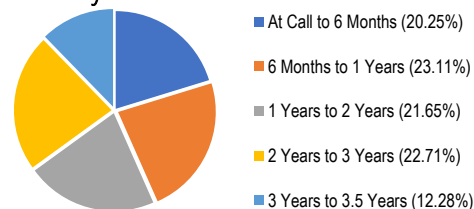
Calculated on Ordinary Units unless otherwise stated. *Since Inception 21 December 2017. †Trailing 12 Months Calculated on Daily observations. ‡Since Inception Calculated on Daily observations



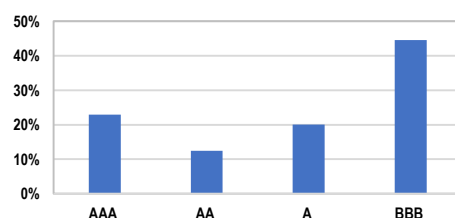
Portfolio Composition



Maturity Profile



Credit Quality



Targeted risk across the Fund: ↑ Targeted risk increased to 0.64% from 0.61%, reflecting the portfolio's increase in credit duration. Meanwhile realised standard deviation is at 0.39%. This has risen recently due to increased volatility in mark to market valuations. The portfolio remains defensively positioned, despite this the fund has met its return objective over the last 12 months, delivering 2.30% 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.

Market Outlook

Credit spreads narrowed over the month, against a backdrop of largely deteriorating fundamentals. Large second infection waves gathered strength in the US and the relationship between the West and China deteriorated. The labour market recovery also stalled in the US and Australia.

One significant positive development was an agreement on the EU Recovery Fund. The dominant explanation for the divergence between fundamentals and market prices fell to monetary policy again. Certainly, there is an abundance of liquidity and little demand for more.

iTraxx Australia, a measure of credit risk, has retraced significantly from March and is resting at levels similar to when the Fed last tightened in December 2018. In an environment where Moody's does not have a single global industry sector with a positive ratings outlook, we believe the market's assessment of credit risk may be ebullient in aggregate.

However, the narrowing of credit spreads is not uniform and can be characterised as being tight for high quality credit like bank senior debt whilst still exhibiting elevated aversion to loss for assets rated BBB or lower.

The Treasury expects unemployment to level off at approximately 9% through to at least June 2021. However, the subsequent introduction of Stage 4 lockdowns in Victoria will see that figure move well through 10%. We expect retail expenditure will be tested when the JobKeeper/Seeker payments are wound down and the early withdrawal of superannuation assets concludes.

It is highly uncertain whether construction and investment activity will recover in the next 12 months. Similar sentiments can also be directed to the US. It is also increasingly apparent that we cannot successfully return to a fully functional economy at this time.

However, there are some early indications that we may see helpful vaccines available for public use sometime in 2021.

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 \$82 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/real-short-term-income-fund/>

Platform Availability

- BT Panorama *(New: Aug 2020)
- BT Wrap *(New: Aug 2020)
- Hub24
- Macquarie Wrap *(New: Aug 2020)
- Netwealth
- Powerwrap
- Praemium
- mFund Settlement Service - mFund code: RLM02
- Australian Money Market

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