

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	0.27%	0.02%
3 Month	0.82%	0.06%
6 Month	1.32%	0.14%
1 Year	2.43%	0.54%
2 Year	2.77%	0.97%
Since Inception	2.76%	1.10%

Fund Update

Cash and Short-Term Liquidity Weighting: ↑ Cash and Short dated liquidity increased slightly to 35.25% from 34.84%.

Interest Rate Duration Position: → 0.10 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 35.83% from 36.30%. Net movement resulted from rotation out of bank senior paper and into senior bond issued from a high quality regulated corporate entity. 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 1.53 years. Spreads continued to tighten over the month with healthy issuance in term markets, especially within the non conforming market. Investment grade structured credit remains well bid, both secondary and primary shown through the strong coverage ratios supporting each transaction. Issuers continue to access the market launching new transactions including both prime and non-conforming deals, with a major bank transaction also launching. We continue to expect strong deal flow given issuers now have access to good market colour across structured credit markets, with further strength in secondary market activity.

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.

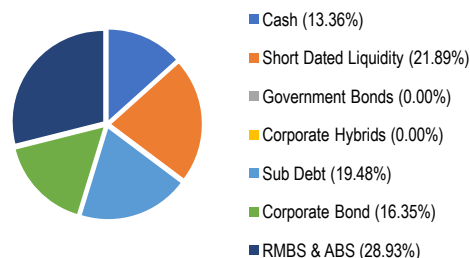
Fund Statistics

Running Yield	1.97%
Yield to Maturity	1.88%
Volatility†	0.39%
Interest rate duration	0.10
Credit duration	1.39
Average Credit Rating	A
Number of positions	54
Average position exposure	1.62%
Worst Month*	0.09%
Best Month*	0.34%
Sharpe ratio ^o	5.68

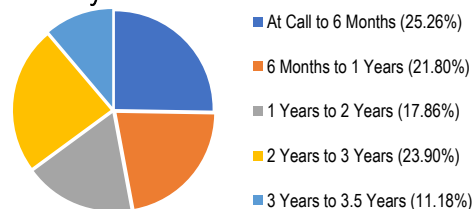
Calculated on Ordinary Units unless otherwise stated. *Since Inception 21 December 2017. †Trailing 12 Months Calculated on Daily observations. ^oSince Inception Calculated on Daily observations



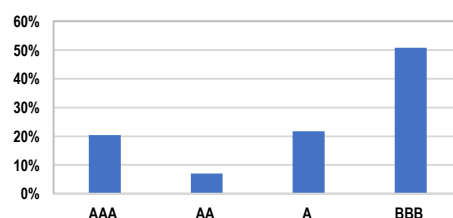
Portfolio Composition



Maturity Profile



Credit Quality



Targeted risk across the Fund: ↑ Targeted risk increased slightly to 0.65% from 0.64%, reflecting the portfolio's marginal movements. 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 2.43% 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

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. Given the lower credit spreads on offer, despite considerable fundamental uncertainty, we are maintaining higher than usual levels of high-quality liquidity.

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 \$86 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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