

### 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	0.22%	0.01%
3 Month	0.78%	0.04%
6 Month	1.49%	0.10%
1 Year	2.64%	0.32%
2 Year	2.77%	0.74%
3 Year	2.76%	1.00%
Since Inception	2.75%	1.00%

### Fund Update

**Cash and Short-Term Liquidity Weighting:** ↑ Cash and Short dated liquidity increased to 34.91% from 34.71%.

**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 one year under certain conditions. The strategy will as a rule only take modest interest rate risk.

**Corporate & Subordinated Debt Allocation:** ↓ Decreased slightly to 35.61% from 36.79%. Securities in this sector were rotated to maximise credit duration within limits. 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 in line over the month, with the strategy continuing to take advantage of the strong market conditions to optimise the structured credit portfolio and deploy new funds into high quality assets. The credit rating of the book sits at A- and holds a weighted average credit duration of 1.79 years. While December was a quieter month for new transactions in structured credit, yields once again continued to tighten in public markets. This continues to be driven by three key themes; the strong offshore presence within the Australian market, strong flows into income based products searching for high quality assets with robust yields and the continued view of low asset supply into 2021. Secondary markets remain highly active with only a handful of new issuances over the month as is usually seen with markets leading into the Christmas period.

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 but continues to exist to support the market where needed. The Forbearance SPV saw no additional subscribers accessing forbearance support.

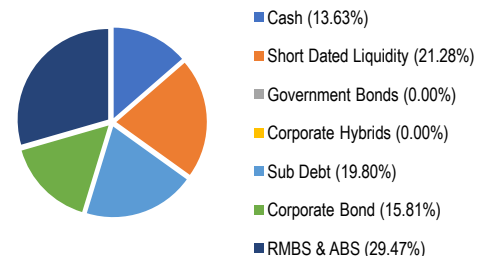
### Fund Statistics

Running Yield	2.14%
Yield to Maturity	1.75%
Volatility†	0.45%
Interest rate duration	0.11
Credit duration	1.45
Average Credit Rating	A
Number of positions	81
Average position exposure	1.09%
Worst Month*	0.09%
Best Month*	0.34%
Sharpe ratio <sup>o</sup>	6.01

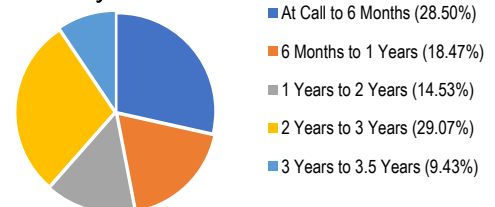
Calculated on Ordinary Units unless otherwise stated. \*Since Inception 21 December 2017. †Trailing 12 Months Calculated on Daily observations. <sup>o</sup>Since Inception Calculated on Daily observations



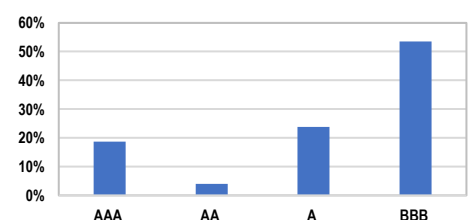
### Portfolio Composition



### Maturity Profile



### Credit Quality



**Targeted risk across the Fund:** ↑ Targeted risk increased slightly to 0.70% from 0.68%, reflecting the overall stable market volatility. Meanwhile realised standard deviation is at 0.45%. 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 2.64% 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 continued to rally as optimism relating to the availability of effective vaccines dominated nearer term concerns over a worsening covid outlook in the US, Europe/UK and other parts of the world. Equity and credit markets continued to grind higher and the USD sold off as safe haven flows unwound. The AUD was further supported by the rapid rise in iron ore prices which offset the adverse impact of deteriorating trade and diplomatic relations with China. Bonds largely range traded following improved prospects for an additional stimulus package in the US.

The underlying strength of the Australian economy continued to surprise to the upside. The release of the Q3 2020 GDP figure of 3.3%qtr, which comfortably exceeded expectations of 2.5%, resulted in a round of upgrades. The magnitude of the improvement was well encapsulated in the Federal Government MYEFO which showed a \$20bn improvement in the expected cash outcome over the 2-year estimate period relative to projections made in the Budget merely 2 months earlier. Favourable consumer and business confidence measures continued to support the outlook and hard data relating to household spending and business capex plans pointed to ongoing strength through the December quarter as Victorian restrictions eased towards a COVIDSafe setting.

Residual concerns for a weak housing market, or a significant cliff event are diminishing as mortgage deferral relief arrangements are to be concluded by 31 March 2021. Australia's labour continues to recover well albeit with hours worked by full-time employees are still lagging pre-covid levels. APRA removed restrictions on bank dividends and expressed satisfaction at the strength of our financial system.

Australian asset pricing remains supported by significant demand from offshore investors and the monetary operations currently being implemented by the RBA. Credit markets remain very strongly bid which reflects a combination of lower forward looking default expectations and ongoing compression of liquidity spreads more generally.

### 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 \$141 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
- BT Wrap
- Hub24
- Macquarie Wrap
- Netwealth
- Powerwrap
- Praemium
- Australian Money Market
- mFund code: RLM02

### Disclaimers on Following Page

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