

Realm Short Term Income Fund

November 2019



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	0.18%	0.06%
3 Month	0.52%	0.21%
6 Month	1.26%	0.48%
12 Month	2.93%	1.23%
Since Inception	2.84%	1.36%

* Past performance is not indicative of future performance. * Ordinary units Inception 21 December 2017.

Fund Update

Cash and Short-Term Liquidity Weighting: ↑ Cash and Short dated liquidity increased marginally from 27.79% to 27.97%.

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: ↓ A slight decrease to 42.66% from 42.79%. There was a small net addition in senior financial paper. 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 market continues to remain well bid in primary markets with several new RMBS and ABS deals pricing. Investors continue to buy and hold good quality paper for yield rather than selling on the secondary market, resulting in low turnover ratios and strong secondary market bids. The structured credit portfolio maintains an A+ rating and a weighted average credit duration of 1.93 years. Market performance for prime issuance was strong this month, with the S&P arrears index (SPIN) improving a further 5bps to 0.95%, while non conforming arrears weakened slightly to 3.89%. Major banks were 1bp weaker, rising to 1.21% while regional banks remained inline at 1.57%.

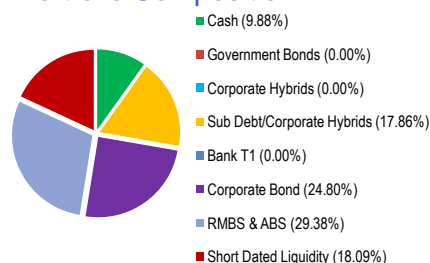
Targeted risk across the Fund: → Targeted risk remained stable at 0.38%, meanwhile realised standard deviation is at 0.14%, which is only marginally wider than the bank bill index. The portfolio remains defensively positioned, despite this the fund has met its return objective over the last 12 months delivering 2.93% 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

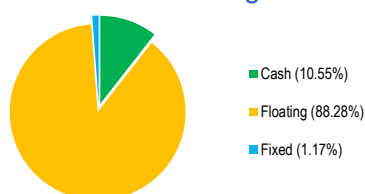
Running Yield	2.72%
Volatility [†]	0.14%
Interest rate duration	0.12
Credit duration	1.47
Average Credit Rating	A
Number of positions	62
Average position exposure	1.45%
Worst Month*	0.14%
Best Month*	0.34%
Sharpe ratio [‡]	25.45
Information Ratio [§]	22.75

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

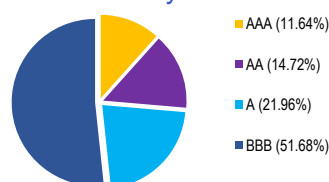
Portfolio Composition



Fixed and Floating Breakdown



Credit Quality



Maturity Profile



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.

No real change to the outlook versus the prior month. A great deal hinges on the outcome of a US/China trade deal and global markets know it. This was reflected in the impact of headlines on bond markets, with positive and negative news moving US 10 year bonds around by more than 1% on any given day.

The simple fact of the matter is that the global economy is weak, and seemingly softening further. What is more its hard to see a growth driver. The global economy needs this. The issue is that the US needs it less, meaning that they maintain leverage in their negotiating position. The only real positive is that even though the US is in relative terms more self reliant than other economies, it will still be affected, what is more it is an election year.

Markets are interestingly positioned. The term structure of VIX speaks to a market that feels relatively safe in the short term, but more uncertain over the medium term. At the same time global Credit markets speak to more benign conditions, as indeed do equity markets while at the same time bond market yield curves are pointing to a very high probability of very poor economic outcomes over the longer term.

Bring it all together and you get a market that is highly uncertain. In statistical terms, the tails are fattening, meaning that the outlook becomes more uncertain than it has been for quite some time. This shouldn't be confused with a conviction call that the market is facing an imminent challenge, however it should lead to managers of money becoming focussed on portfolio risk.

The short term income fund will be well insulated in an environment of rising volatility, owing to the fact that all assets are short duration Aussie dollar holdings which are well sought in the current low rate environment. While plummeting rates are presenting a challenge, we believe that there is enough opportunity to see the strategy deliver a return between 1.25% to 1.5% over cash rates net of fees over the medium term.

The short term income fund continues to be positioned very defensively and will deliver outperformance versus short duration credit funds in the event of a deterioration in market conditions.

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 \$89 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 History:

www.realminvestments.com.au/media/4

Platform Availability

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

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