

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%	0.01%
3 Month	0.75%	0.02%
6 Month	1.43%	0.05%
1 Year	2.92%	0.18%
2 Year	2.65%	0.52%
3 Year	2.76%	0.84%
Since Inception	2.76%	0.91%

Fund Update

Cash and Short-Term Liquidity Weighting: ↓ Cash and Short dated liquidity decreased slightly to 31.05% from 31.9%.

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: ↑ Increased to 39.08% from 38.64%. Investments were skewed towards corporate bonds and towards optimising credit duration within limits. The corporate book is very conservatively positioned in short dated senior paper of Australian ADIs and corporates. These assets experience very low levels of relative market volatility.

Residential Mortgage-Backed Securities (RMBS) & ABS: ↑ RMBS and ABS allocation increased from 29.47% to 29.87% over the month as funds were deployed into new public issuance. The structured credit portfolio is well optimised with new funds continually deployed into high quality assets. The credit rating of the book sits at A and holds a weighted average credit duration of 1.81 years. In a very busy month for securitisation markets, 10 transactions launched and 8 priced across prime, non-conforming and non-resident programs. Yields continued to tighten as investors compete to secure stock, with a strong appetite for product demonstrated by high coverage ratios once again. We expect to see continued strong issuance within the securitisation space as issuers are incentivised to come to market by these lower yields, which in turn lowers their funding costs. We would continue to characterise RMBS/ABS markets as presenting fair value over a long term basis. More broadly, structured assets still compare favourably versus unsecured markets. Meanwhile, performance for the market as shown by the S&P arrears index (SPIN) showed a slight improvement for the month of February.

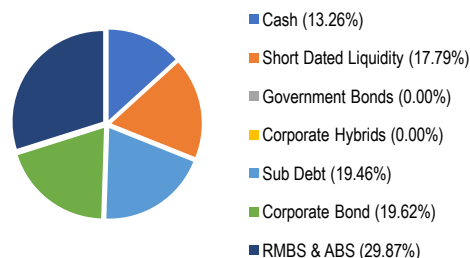
Fund Statistics

Running Yield	2.20%
Yield to Maturity	1.39%
Volatility†	0.30%
Interest rate duration	0.09
Credit duration	1.46
Average Credit Rating	A
Number of positions	98
Average position exposure	0.88%
Worst Month*	0.09%
Best Month*	0.34%
Sharpe ratio [‡]	6.37

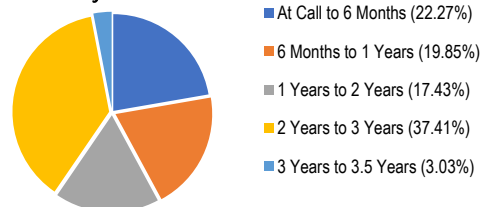
Calculated on Ordinary Units unless otherwise stated. *Since Inception 21 December 2017. †Trailing 12 Months Calculated on Daily observations. ‡Since Inception Calculated on Daily observations



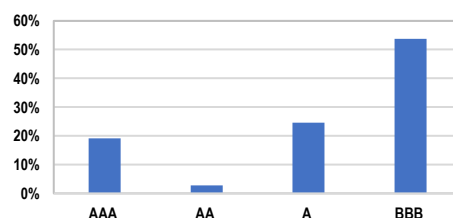
Portfolio Composition



Maturity Profile



Credit Quality



Targeted risk across the Fund: ↓ Targeted risk decreased slightly to 0.67 from 0.70%, reflecting the overall stable market volatility. Meanwhile realised standard deviation is at 0.30%. This has risen over the year 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 2.92% 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. We have introduced Portfolio ESG risk limits which the portfolio remains in compliance with.

Market Outlook

Risk markets continued their upward movement in April. Equity markets were generally stronger, currency movements reflected an increased preparedness to bear risk, credit spreads narrowed slightly and industrial commodities recorded robust gains. Bonds rallied slightly despite an ongoing stream of generally favourable economic announcements.

Despite the improved outlook, it has become increasingly evident that covid remains hard to contain in significant parts of the world. The disastrous circumstances in India were widely reported, but even places like Japan are encountering ongoing surges. More locally, our newly formed travel bubble with New Zealand was disrupted due to an outbreak in Western Australia. Vaccine hesitancy, together with the potential for variants to escape the coverage of available vaccines and outrun the development time required to develop and deliver effective booster shots, are moving further towards front of mind. It has become evident that a much hoped-for re-opening of international borders in Australia will not take place until mid-2022, placing strain on robust growth estimates to this point. Markets also looked through ongoing difficulties relating to external relations with China.

Key economic developments included record PMI readings in the US and Europe. The US economy is recovering strongly. Ongoing supply chain frictions, difficulty with securing employees and price rises being passed to consumer were notable developments. The Biden Administration continues to work on further stimulus initiatives which have the potential to push the US well beyond its sustainable level of activity. More locally, despite the labour market in Australia having fully recovered in terms of number of employed and hours worked, expectations for a rate rise remain a distant prospect. The RBA has shed any responsibility for the surge in housing prices as it pursues a full employment objective.

For credit investors, the liquidity fueled rally in spreads will be challenged as the RBA has declined to extend the Term Funding Facility. The conclusion of this program, which supplied cheap finance to banks, implies that supply of bank-issued credit securities to the market will accelerate once again. This will have the effect of widening spreads across the domestic credit market more generally although lower rated structured credit assets are likely to be less affected. However, the considerably improved outlook for the fiscal deficit may help to contain the extent to which spreads widen. The markets are also waiting for the Fed to outline its plans to wind down their QE program. Bond yields are likely to rise when the Fed commences efforts to condition the market for this eventuality. We expect that this may take place in the September quarter.

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%

Portfolio ESG Risk Limits

Sector	Direct Exposure	Direct Limit	Indirect Exposure	Indirect Limit
Fossil Fuels	0.0%	0.0%	0.0%	2.5%
Non-Renewable & Nuclear Energy	0.0%	0.0%	0.0%	2.5%
Alcohol	0.0%	0.0%	0.8%	2.5%
Gambling	0.0%	0.0%	0.7%	2.5%
Mining	0.0%	0.0%	0.0%	2.5%

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 \$188 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

- BT Panorama
- BT Wrap
- Hub24
- Macquarie Wrap
- Netwealth
- Powerwrap
- Praemium
- Australian Money Market
- mFund code: RLM02

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