Realm Strategic Income Fund 2018-1 Units
April 2021

R ALM investment house

Fund Strategy

The Realm Strategic Income Fund 2018-1 Units (Fund) (Formerly known as the Realm Capital Series Fund 2018-1 Units) has invested in balance sheet funding, secured corporate loans and syndicated bank warehousing facilities. Realm Investment House (RIH) will partner with the major banks and best of breed non-bank corporate lenders to acquire exposures in these newly capitalised facilities. RIH's assessment of the opportunities will generate good risk adjusted income returns, particularly when compared to the 'public term out market' for the same level of risk.

Fund Objective

The strategy targets a return of 4.75% p.a. over the RBA cash rate over the life of the strategy. The Fund may suit investors seeking a high yield return with a moderate to high risk tolerance.

Fund Features

While the termination and return of investor funds is available on the 5th anniversary (22.6.23) the manager will help facilitate off market transfers (Application Liquidity) on a case by case basis.

Net Performance

Period	2018-1 Units	RBA Cash Rate Return
1 Month	0.52%	0.01%
3 Month	1.33%	0.02%
6 Month	2.73%	0.05%
1 Year	5.62%	0.18%
2 Year	6.15%	0.52%
Since Inception*	6.89%	0.81%

Gross Running Yield* 6.08%

*Past performance is not indicative of future performance. The Gross Running Yield is the pre-fee income attributable to the portfolio, total return will be a function of this yield minus the fee. Please note the unit price can also experience modest variance as pay out of distributions sit at 95%. All outstanding amounts will be paid at the 30th of June.

Fund Details

Distribution Frequency: Quarterly
Applications: Closed
Transfers: Units can be transferred to an existing/new investor upon the completion of required documentation as per the PDS (Section 4.5)
Pricing & Reporting Frequency: Quarterly
Minimum Investment Timeframe: 5 years (22.6.23)
Inception Date: 22.6.2018
Fund size: AUD $30 million
Benchmark: RBA Cash Rate
Buy/Sell: Nil
APIR Codes: OMF8680AU
Management Fees: 1.25% plus GST
Responsible Entity: One Managed Investment Funds Ltd
Custodian: Mainstream Funds Services Pty Ltd
Unit Pricing and Unit Price History:
https://www.realminvestments.com.au/our-products/realm-strategic-income-fund-2018-1-units/

Fund Statistics

Running Yield	6.08%
Yield to Maturity	6.10%
Volatility†	0.30%
Interest rate duration	0.03
Credit duration	1.45
Average Credit Rating	BBB+
Number of positions	31
Average position exposure	3.21%
Worst Month*	0.14%
Best Month*	1.16%
Sharpe ratio∂	8.37

Calculated on 2018-1 Units unless otherwise stated. *Since Inception 22 June 2018. †Trailing 12 Months Calculated on Monthly observations. ∂Since Inception Calculated on Monthly observations

Fund Structure

The fund is structured to take advantage of the premium in complexity, aversion and liquidity in the bank facility and secured loan market. A key feature of the funds design is to match these return attributes with assets that would present no more credit risk in the market, if they traded over the counter (OTC).

We purposely designed the investment period so we can confidently extract these premiums from the market, and in times of high volatility protect investors capital from those investors try to access liquidity from these asset – when liquidity in the market in general is trading at a super-premium. If it was possible to redeem from the fund, we would be selling assets into a market where we should be deploying our capital to capture these return premiums.

In the next 6 months we will see some of the bank facilities roll over and it is our expectation to be able to reprice these assets with a higher rate of return.

The Realm Strategic Income Fund – Enduring units is a follow-on strategy of this fund, where it has monthly applications and a limited monthly withdrawal feature. We intend to open liquidity windows of at up to 10% of the fund's liquid assets (at call Cash). The recommended time horizon to fully extract the return profile is at least 5 years. Please see our website for the Product Disclosure Statement. Please seek advice as to the appropriateness of this strategy to suit your needs and goals.

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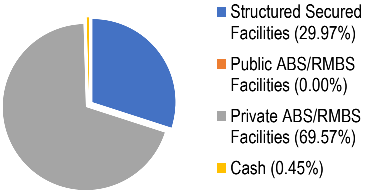
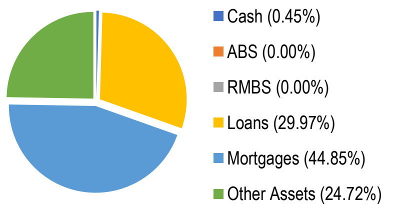
Fund Update

The portfolio is invested across a range of Structured Secured Facilities backed by loans (29.97%), Private ABS/RMBS Facilities (69.57%), as well as Public ABS/RMBS Facilities (0%). The weighted average credit rating of the portfolio sits at BBB+, with a short-weighted credit duration of 1.45 years and a pre fee running yield of 6.08%. The fund had a strong month, with no significant change to portfolio composition significantly. Public RMBS/ABS weight remains at zero, with funds fully deployed into Private RMBS/ABS facilities and Structured Secured Facilities. Running yield and yield to maturity remain in line with last month, as does the portfolios BBB+ rating. We continue to expect to take advantage of stronger capital needs in 2021 which will keep the running yield in a healthy state, whilst maintaining the objective of winding down the class leading up to June 2023.

Portfolio Composition



Collateral Type



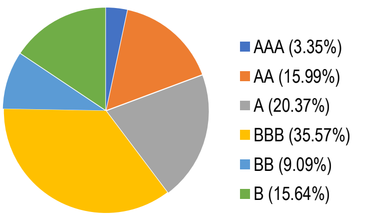
Transactions & Market Flow

Market Update; Investor demand for Public RMBS/ABS continued to drive yields aggressively tighter over the month. Investment grade prime RMBS yields compressed by approximately 30bps, representing a 10% tightening over the month. In our view, public markets continue to be characterised as presenting fair value over a long term basis.

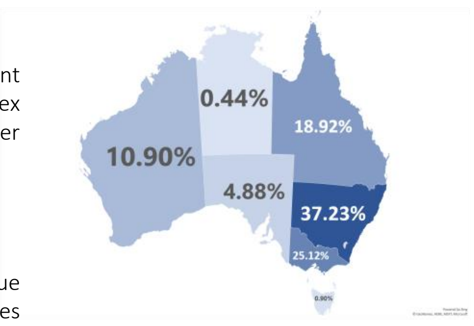
Private Assets; As the yields in public markets continue to compress, the relative attractiveness of private markets continues to increase. This is a function of higher yields offered within private markets, which remain well above public RMBS and ABS markets. For context , it is not uncommon for private markets to provide a premium of 1 to 2% over equivalent public RMBS risk.

Portfolio Pipeline; Over the month of April, two new structured facilities were negotiated and funded soon after. A further 13 transactions are currently within the due diligence and screening phase of our private process with an additional 19 opportunities identified. Our opportunity pipeline remains very strong, with the already high level of reverse funding enquiries continuing to increase. This burgeoning pipeline allows the investment team to pick through the most suitable transactions. This flow continues to support the portfolio ramp up and increases our confidence that the fund can meet its return objective of 4.75% over cash after fees.

Credit Quality



Geographic Exposure



Housing Arrears & Portfolio Performance

Portfolio arrears increased to 1.06% over the month, which remains well within the current arrear's expectation for this portfolio. Market arrears as reported by the S&P SPIN Index improved by 1bp to 0.98% for the month of February. Non-conforming arrears on the other hand weakened to 3.50%.

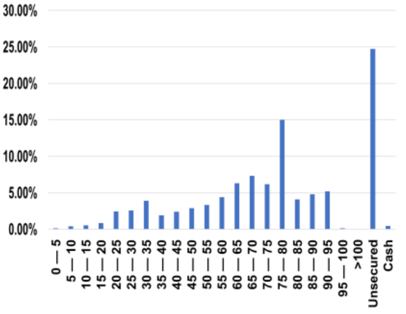
Portfolio Risk Analysis

Housing Market Performance; Collateral values, as shown by CoreLogic's national home value index, posted another very strong monthly increase of 1.82% in residential property values across the 5 major capital cities. This was again led by low density housing, which increased 2.02%, while high density housing prices also rose, but again more modestly, increasing 1.15%. While all states continued to post increases, this months rise was again led mostly by strength in Sydney.

Clearance rates continue to be strong, hovering around 80% on a weighted average basis across all capital cities. Volumes were strong once again, with property price expectations from various bank economists continuing to predict strong appreciation in house prices across the country over the next year. Fundamentally, this is very positive for structured credit, as it drives lower losses if defaults occur.

Each of these technical factors continue to signal a strengthening property market. The quality of loans written, level of arrears recovery and collateral price appreciation within the Australian market continue to be very supportive for the market outlook for this strategy.

Weighted Average Portfolio LVR



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