

### 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 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

### 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	1.19%	0.03%
1 Year	5.33%	0.13%
2 Year	5.71%	0.33%
3 Year	6.53%	0.69%
Since Inception*	6.67%	0.73%

\*Past performance is not indicative of future performance. 2018-1 Inception 22 June 2018.

### FUND STATISTICS

Running Yield	6.26%
Yield to Maturity	6.20%
Volatility†	0.31%
Interest rate duration	0.03
Credit duration	1.19
Average Credit Rating	BBB
Number of positions	33
Average position exposure	3.00%
Worst Month*	0.14%
Best Month*	1.16%
Sharpe ratio <sup>‡</sup>	8.47

Calculated on 2018-1 Units unless otherwise stated. \*Since Inception 22 June 2018. †Trailing 12 Months Calculated on Monthly observations. <sup>‡</sup>Since Inception Calculated on Monthly observations

### GROSS RUNNING YIELD\* 6.26%

\*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.

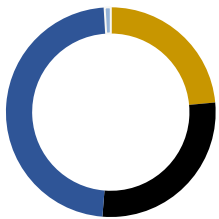
### FUND STRATEGY

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 STRUCTURE

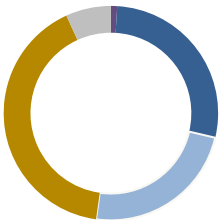
The fund is structured to take advantage of the premium in complexity, aversion and liquidity in the bank facility and secured loan market. A key feature of the funds design is to match these return attributes with assets that would present no more credit risk in the market, if they traded over the counter (OTC). We purposely designed the investment period so we can confidently extract these premiums from the market, and in times of high

## PORTFOLIO COMPOSITION



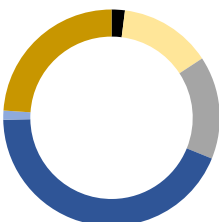
- Structured Secured Facilities (23.53%)
- Public ABS/RMBS Facilities (27.75%)
- Private ABS/RMBS Facilities (47.79%)
- Cash (0.94%)

## COLLATERAL TYPE



- Cash (0.94%)
- ABS (0.00%)
- RMBS (27.75%)
- Loans (23.53%)
- Mortgages (40.97%)
- Other Assets (6.81%)

## CREDIT QUALITY



- AAA (1.99%)
- AA (13.79%)
- A (15.37%)
- BBB (43.57%)
- BB (1.35%)
- B (23.93%)

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.

## FUND UPDATE

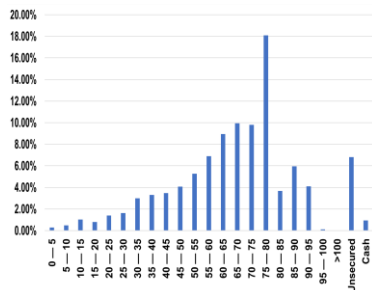
The portfolio is invested across a range of Structured Secured Facilities backed by loans (23.53%), Private ABS/RMBS Facilities (47.79%), as well as Public ABS/RMBS Facilities (27.75%). The weighted average credit rating of the portfolio sits at BBB, with a short-weighted credit duration of 1.19 years and a pre fee running yield of 6.26%.

The fund had a strong month, driven by the accrual of private assets with only slight changes to portfolio composition. Running yield and Yield to maturity decreased slightly from last month driven by the performance of the funds public exposure, while the fund maintained an investment grade rating of BBB. We continue to expect to take advantage of stronger capital needs in the second half of 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.

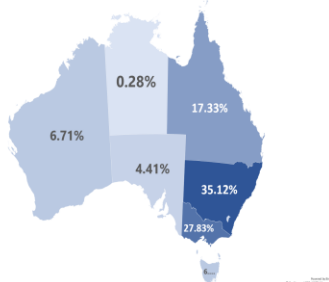
## PORTFOLIO RISK ANALYSIS

**Housing Market Performance;** Across Australia, housing markets continued to appreciate over the course of the month, with the CoreLogic Home Property Value index recording a gain of 1.48% for the month of August for the 5 capital city aggregate. This represents a 17.2% gain on the index for the year and was once again broad based, where all capital cities within the index recorded gains. This was again led by Brisbane, Sydney and Adelaide housing, with the index for housing increasing 1.63%, while units again lagged, appreciating 1.04%. Within the system more broadly, asset quality remains high with a low level of arrears. Forecasts from bank economists continue to be revised to include further asset price growth over the next 12 months. This comes in addition to the already strong growth witnessed this year, and ultimately is a tailwind for structured assets by reducing the loss incurred by borrowers should they be forced to default. This continues to be very supportive for the market outlook for this strategy.

### WEIGHTED AVERAGE PORTFOLIO LVR



### GEOGRAPHIC EXPOSURE



### OTHER FUND DETAILS

**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>

### TRANSACTION AND MARKET FLOW

**Market Update;** Public structured credit markets were firmer over the month, with a significant number of transactions brought to market once again. This continues to be driven by issuers capitalising on the tight market conditions to issue bonds into public markets, significantly lowering their cost of funds. Transactions ranged across several asset classes, with two regional bank transactions, several prime transactions across both Australia and NZ, several consumer finance transactions, two auto and equipment transactions and two transactions centred around financing for Small and medium enterprises (SME's). The issuance was met with significant demand, with particularly strong support within the lower investment grade (A/BBB rated) and sub investment grade tranches. This demand continues to drive pricing tighter in public markets.

**Private Assets;** The outperformance of yields within the public market continues to make the relative value available in private markets very attractive to investors. Within investment grade securities (A/BBB rated), yields offered within private markets continue to be over twice that of comparable public markets with shorter investment terms and greater investor protections. Similarly, current private sub-investment grade securities also continue to offer a significant premium over public markets. We expect these yield premiums in private markets to continue to increase as public yields continue to tighten.

**Portfolio Pipeline;** Over the month the fund identified several new funding opportunities, in addition to the currently strong portfolio pipeline. Ten transactions now sit within our enhanced due diligence and screened in phases, with a further 21 opportunities identified. The high number of transactions allows the investment team to selectively pick through the most suitable transactions, and will allow the fund to meet its return objective of 4.75% over cash after fees.

### HOUSING ARREARS & PORTFOLIO PERFORMANCE

Portfolio arrears rose slightly over the month to 1.23%, which remains well within the current arrears expectation for this portfolio. Market arrears as reported by the S&P SPIN Index for June improved 5bp from the previous month to 0.90%. Non-conforming arrears on the other hand improved 7bps to 3.05%.

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