

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	0.46%	0.02%
3 Month	1.50%	0.06%
6 Month	2.73%	0.14%
1 Year	6.09%	0.54%
2 Year	7.29%	0.97%
Since Inception*	7.28%	1.01%

Gross Running Yield* 6.94%

*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 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.

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	6.94%
Yield to Maturity	6.96%
Volatility [†]	0.42%
Interest rate duration	0.04
Credit duration	1.57
Average Credit Rating	BBB-
Number of positions	25
Average position exposure	3.99%
Worst Month*	0.14%
Best Month*	1.16%
Sharpe ratio [‡]	7.76

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 Update

The portfolio is invested across a range of Secured Corporate Facilities backed by loans (31.17%), Structured Mortgage facilities (63.91%), as well as Over The Counter Asset Backed & Residential Mortgage Backed Securities (6.23%). The weighted average credit rating of the portfolio sits at BBB-, with a short-weighted credit duration of 1.57 years and a pre fee running yield of 6.94%. As flagged last month, we rebalanced the portfolio and removed holdings that matured or rolled past the redemption date. We will continue to monitor the rollovers and take advantage of stronger capital needs that can 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

Australian economic health was mixed over the month. System risk continues to remain heightened given the volatility experienced over the last few months but continues to trend lower.

The Reserve Bank of Australia (RBA) elected to increase the Term Funding Facility (TFF) over the month while making the facility available for longer, which continues to support banks by giving them the ability to access cheap funding. This allows banks to reduce funding costs and reinforce the benefits of a lower cash rate and has resulted in increased mortgage competition. Highly competitive fixed rate mortgages continue to be offered out of the big banks and regional banks which we expect will drive an increase in refinancing activity out of the non-bank financials issuing prime mortgages in competition with the banks. This is creating an increase in repayments for this sector, which has the effect of shortening the time taken for the bonds to be repaid to the noteholder.

Housing activity varied across the states, with Sydney showing strong clearance rates on good volumes in comparison to this time last year. Prices in Sydney fell slightly, but prices in Melbourne fell by the most (-1.2% across all dwellings) as a result of the Stage 4 lockdown restrictions, which also significantly reduced clearance rates in the state. Market consensus continues to forecast that further headwinds are to be expected for the short to medium term housing markets.

Housing Arrears & Portfolio Performance

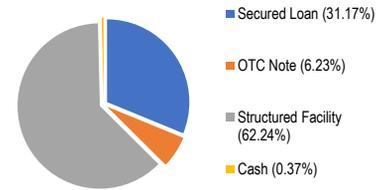
Portfolio arrears weakened to 0.97% over the month driven primarily by the increase in arrears in one exposure, although remain well within the current arrear's expectation for this security. Market arrears as reported by the S&P SPIN Index showed prime arrears improved 2bp to 1.21% for the month of June, with non-conforming arrears improving 70bps to 3.86%.

Transactions & Market Flow

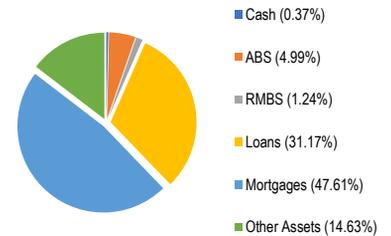
Focus on the Government's \$15bn Structured Finance Support Fund has moved to Forbearance SPV, with this facility now funding an initial round of Hardship loans back dated to March. This facility, along with the broader fund has provided the market with confidence, and offshore investors are seeing Australia as a strong outperformer relative to the global markets. There was much issuance in the non-conforming space with 4 issuers (Pepper, Sapphire Redzed and a liberty SME transaction) accessing term markets this month, with a prime transaction sounding (MortgageHouse) and the launch of the first regional bank capital relief transaction. The transactions that priced over the month were well supported by markets with strong bidding noted in all transactions. This continued to drive spreads tighter with significant market interest returning to the asset class, back towards pre-COVID market tights. Secondary markets continue to trade with a strong bid. We continue to see increased enquiries of private funding requests which is providing a healthy deal flow for the strategy to pick through. Private funding spreads have remained relatively stable as compared to public spreads, specifically as a function of the liquidity trade-offs during this volatile period.

Disclaimers on Following Page

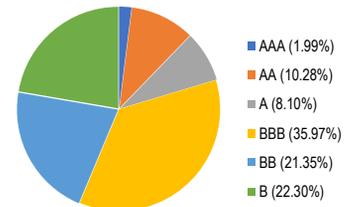
Portfolio Composition



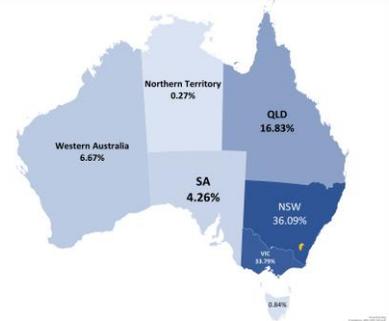
Collateral Type



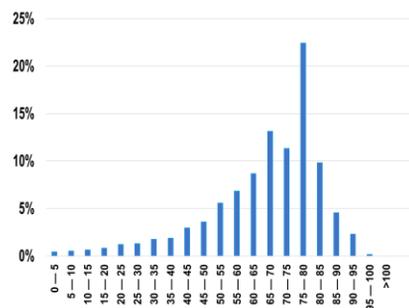
Credit Quality



Geographic Exposure



Weighted Average Portfolio LVR



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