

Fund Strategy

The Realm Strategic Income Fund 2018-1 Units (Fund) (Formally known as the Realm Capital Series Fund 2018-1 Units) will invest in balance sheet funding 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. Diversification within the Fund will be achieved by diversity of banking partners, facility sponsors and the number of individual facilities. RIH's risk management and assessment overlay are used in assessing eligible exposures. RIH will actively manage & monitor the risk of each funding facility exposure during the term of the fund.

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	0.56%	0.06%
3 Month	1.79%	0.19%
6 Month	3.27%	0.39%
12 Month	7.42%	1.05%
Since Inception*	7.82%	1.23%

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	8.02%
Volatility†	0.66%
Interest rate duration	0.03
Credit duration	1.68
Average Credit Rating	BB+
Number of positions	20
Average position exposure	4.92%
Worst Month*	0.14%
Best Month*	1.16%
Sharpe ratio [§]	8.06
Information Ratio [§]	8.08

Gross Running Yield* 8.02%

*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.

Credit Fundamentals Explained

The Fund invests in syndicated bank warehouse facilities (Facilities). These Facilities are lines of credit which major banks provide senior funding to and the Fund invests alongside or in a junior position to the bank as the senior funder. In all cases these Facilities also have equity capital that is funded by the Originator or Sponsor, "skin in the game". These Facilities have an number of term features which help mitigate risk that can exist when investing in warehouse syndication. These terms can vary from deal to deal and can include:-

- underlying assets (the mortgages) are security against the drawdown of the facility
- increased level of equity enhancement when compared to securities that trade in the over the counter market
- favourable intercreditor rights
- short credit terms
- additional covenants
- in many instances originator balance sheet cover to make good losses and Non-Performing Loans (NPL)
- higher financing rate of return due to the structure, and the inability of the Facility to be traded quickly

Furthermore, where the total number of Non-Performing Loans (NPLs) breach arrears covenant limit, the originator is required to add additional capital to offset the breach. If there is a default and a loss on any loan, this is charged off against the excess income or capital of the originator in the facility. The originator must make this loss good and maintain a minimum capital balance NPL's can be removed from the facility, back onto the originators balance sheet in some instances.

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Fund Update

The portfolio is invested across a range of Corporate facilities backed by loans (29.40%), structured mortgage facilities (37.84%), structured asset backed facilities (17.90%), as well as over the counter residential mortgage backed securities (RMBS) transactions (13.31%). The weighted average credit rating of the portfolio sits at BB+, with a short weighted credit duration of 1.68 years and a pre fee running yield of 8.02%.

Domestic Economic Performance & System Risk

Realm System Risk Monitor: Our system risk monitor rose sharply toward the end of the month, ending at just under +1 from -0.14 at the beginning of the month. This indicated that market participants began buying large amounts of protection as volatility in the system rose. Levels of price volatility in global markets also continue to rise and be felt as the market responds to COVID-19 virus fears impacting global supply.

Realm Australian Eco Monitor: Our domestic economic monitor showed weakness which was driven predominately by equity markets recent slides. Household debt to income has reduced off its highs where significant cuts in the average mortgage rates have taken effect. The system also saw an increase in investor lending growth which shows banks continuing to lend, driving property market strength. Deposit multiples required to secure a home loan also continue to fall.

Our monitor has shown a level of slight deterioration in the system, however the RBA's March cash rate cut points to a degree of system support with the Federal Reserve in the US also reacting to market weakness in a similar manner. These cuts are predominately being used by households to pay down household debt rather than stimulate consumption growth, which indicates a high level of system debt which should be seen to moderate from these levels.

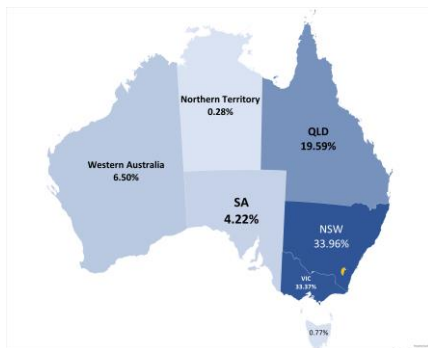
Housing Arrears & Portfolio Performance

Portfolio arrears moderated 1bp over the month to 1.27%. Pools within the portfolio continue to perform well as the Reserve Bank of Australia's rate cuts have offered a level of relief to borrowers. Portfolio arrears continued to be viewed as well within a normal range, and continue to be closely monitored and managed according to our internal risk/return criteria.

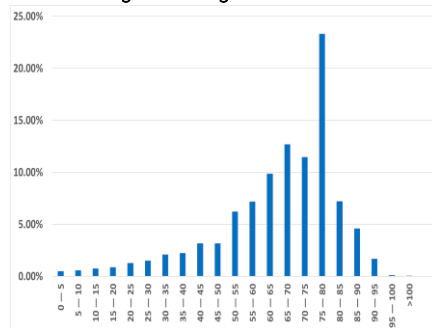
The S&P arrears index (SPIN) showed prime arrears for the month of December remaining static at 0.90% while Non-conforming arrears weakened to 3.47%. Major bank arrears improved significantly to 1.08%, while regional banks moderated slightly to 1.37%.

Geographically, performance was mixed but largely stable across the states with NSW moderating 2bps to 1.20%, VIC improving 1bp to 1.20% and QLD improving 2bps to 1.62%. WA and TAS weakened 2bps and 7bps while SA and the ACT both remained steady at 1.32% and 0.95% respectively.

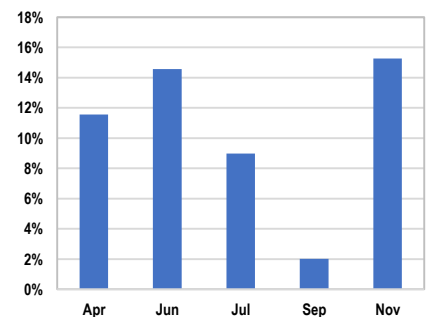
Weighted Average Geographic Exposure



Weighted Average Portfolio LVR



12 Month Maturity Profile

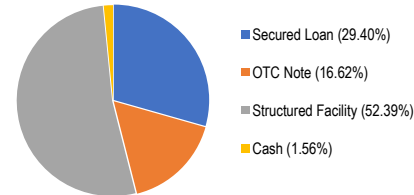


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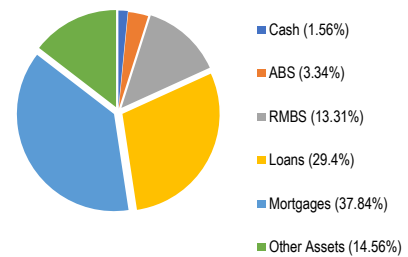
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Portfolio Composition



Collateral Type



Credit Quality

