Realm Strategic Income Fund Enduring Units
October 2020

Fund Strategy

The strategy invests in balance sheet funding, secured corporate loans and syndicated secured bank facilities. Realm Investment House (RIH) partners with major banks and best of breed non-bank financial and corporate lenders to acquire exposures in high quality wholesale banking facilities.

The nature of the assets the strategy holds delivers investors an additional structural premium which is a function of the liquidity and complexity of these assets. Diversification within the Fund is achieved by diversifying 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 life 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.

Net Performance

Period	Enduring Units	RBA Cash Rate Return
1 Month	0.63%	0.02%
3 Month	1.52%	0.06%
6 Month	2.75%	0.13%
Since Inception*	3.73%	0.20%

*Past performance is not indicative of future performance. Inception date is 21 February 2020.

Gross Running Yield* 6.21%

*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.

Zenith Investment Partners
HIGHLY RECOMMENDED
Recommended
APPROVED
NOT RATED
REDEEM

Fund Withdrawal Windows

The fund is designed to take advantage of a range of structural premia in the bank facility and secured loan market. This requires a more structured approach to providing liquidity to investors for redemption purposes. The manager achieves this through making a dollar value of liquidity available every month for the purpose of meeting redemption requirements. It is the managers intention to make an amount of liquidity available every month.

Fund Next Withdrawal Window

The next withdrawal window will be closing at 2pm AEDST on 30 November. We are accepting redemption requests for up to $1,100,000 (3.4% of fund assets). The fund holds 6.6% in cash reserves. Further details will be posted on our website. See the link above.

Fund Update

The portfolio is invested across a range of Structured Secured Facilities backed by loans (12.00%), Private ABS/RMBS Facilities (60.18%), as well as Public ABS/RMBS Facilities (21.15%). The weighted average credit rating of the portfolio sits at BB+, a weighted credit duration of 0.98 years and a pre fee running yield of 6.21%.

Fund Details

Distribution Frequency: Quarterly
Applications: Monthly
NEXT Redemptions Window: 30 November - $1,100,000
The manager is targeting monthly redemption windows
Pricing & Reporting Frequency: Monthly
Inception Date: 21.2.2020
Fund size: $32m
Benchmark: RBA Cash Rate
Buy/Sell: 0.20%/0.00%
APIR Codes: OMF5868AU
Management Fees: 0.99% Net of 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-enduring-units/
Liquidity Window Notice:
https://www.realminvestments.com.au/wp-content/uploads/Realm-Limited-Withdrawal-Offer-Notice-November-2020.pdf
Platform Availability

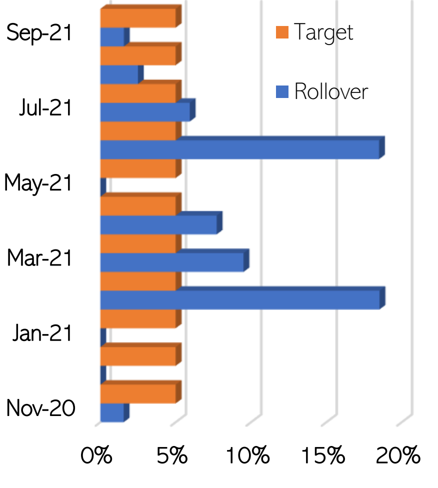
- Hub24
- Netwealth
- Powerwrap
- Xplore Wealth
- Australian Money Markets
- Spitfire
- Macquarie Wrap *(New Oct 20)

Fund Statistics

Running Yield	6.21%
Yield To Maturity	6.20%
Volatility†	0.43%
Interest rate duration	0.10
Credit duration	0.98
Average Credit Rating	BB+
Number of positions	40
Average position exposure	2.33%
Worst Month*	0.39%
Best Month*	0.63%
Sharpe ratio∂	9.53

Calculated on Enduring Units unless otherwise stated. *Since Inception 21 February 2020. †Trailing 12 Months Calculated on Monthly observations. ∂Since Inception Calculated on Monthly observations

Rollover vs Target



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Portfolio Risk Analysis

The Reserve Bank of Australia (RBA) elected to reduce the interest rate on the Term Funding Facility (TFF) to 0.1 per cent during its November meeting, 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. This has caused highly competitive fixed rate mortgages continuing to be offered out of the big banks and regional banks, which has driven 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 was strong across the states, with clearance rates on strong volumes in Melbourne coming through the numbers as auctions started in abundance, with pent up demand over the lockdown period which had been suppressing auctions and inspections finally releasing. The other states recorded good clearance rates over the month, except for Sydney, these were on lower volumes than this time last year.

The Government's Forbearance SPV (which was designed to support the borrowers of non-bank lenders), continues to experience only modest utilisation with only approximately $100 million drawn at the last reported date. There were a further two new lenders added to the scheme over the month who accessed support for forbearance loans, namely PMFA (Commercial Equipment Leasing) and OnDeck (SME Lender), joining Metro Finance, Pepper, Think Tank, Redzed and Sapphire issuance programs, who were already subscribed to this support facility. Of the $15 billion committed by the government only 0.66% has been committed to use for the purpose of forbearance, this provides some comfort that the system is well positioned to absorb the fallout of the COVID crisis.

Corelogic's national home value index recorded a 0.4% rise in residential property values, after having posted five months of declines. This was wide ranging with all capital cities posting a rise over the month except for Melbourne.

Housing Arrears & Portfolio Performance

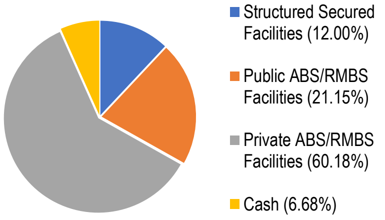
Portfolio arrears weakened 1bp to 0.55% over the month which remains well within the current arrear's expectation for this portfolio. Market arrears as reported by the S&P SPIN Index showed prime arrears improved 4bps to 1.05% for the month of August, with non-conforming arrears improving a further 28bps to 3.42%.

Transactions & Market Flow

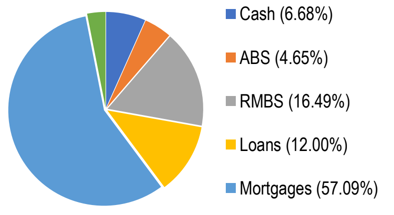
Many new deals priced in primary markets this month across a range of markets including non-conforming (Liberty, AFG's inaugural nonconforming program), prime (Firstmac, Pepper), Commercial RMBS (Think Tank), Auto Loans (Allied Credit's inaugural issuance), Consumer receivables (Flexi, Zip, Brighte Green), and a non-resident transaction (Columbus Vermillion program). Deal flow in public markets looks set to continue in the coming month, with a transaction from Pepper's non-conforming program sounding the market alongside a new non-resident lending program from BC Securities.

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. 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 begun to widen, reflecting the increased aversion and exit of some smaller mezzanine lenders. We will continue to reduce the weight of Public exposures as the market performs, rotating into new and existing Private transactions.

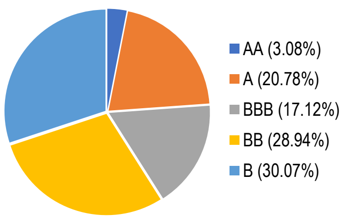
Portfolio Composition



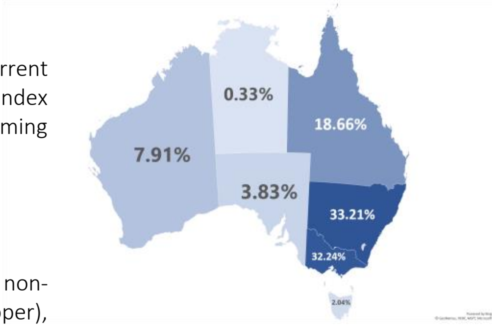
Collateral Type



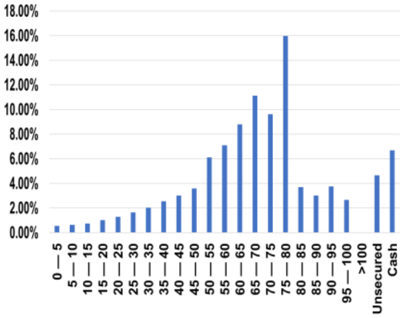
Credit Quality



Geographic Exposure



Weighted Average Portfolio LVR



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