Realm Strategic Income Fund Enduring Units November 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	0.84%	0.01%
3 Month	1.97%	0.05%
6 Month	3.19%	0.11%
Since Inception*	4.60%	0.21%

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

Gross Running Yield* 6.15%

*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 31 December. We are accepting redemption requests for up to $1,500,000 (4.6% of fund assets). The fund holds 4.8% 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 (14.33%), Private ABS/RMBS Facilities (63.67%), as well as Public ABS/RMBS Facilities (17.19%). The weighted average credit rating of the portfolio sits at BB+, a weighted credit duration of 1.00 years and a pre fee running yield of 6.15%.

Fund Details

Distribution Frequency: Quarterly
Applications: Monthly
NEXT Redemptions Window: 31 December - $1,500,000
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-December-2020.pdf
Platform Availability

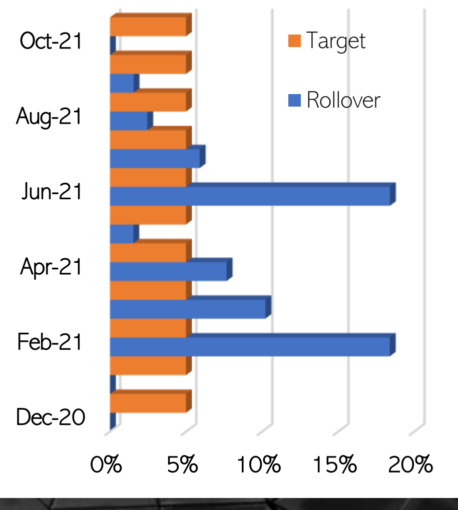
- Hub24
- Netwealth
- Powerwrap
- Xplore Wealth
- Australian Money Markets
- Spitfire
- Macquarie Wrap

Fund Statistics

Running Yield	6.15%
Yield To Maturity	6.08%
Volatility†	0.60%
Interest rate duration	0.09
Credit duration	1.00
Average Credit Rating	BB+
Number of positions	44
Average position exposure	2.16%
Worst Month*	0.39%
Best Month*	0.63%
Sharpe ratio∂	8.23

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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Transactions & Market Flow

RMBS markets continue to be inundated with new investor interest, seeking exposure to the highly attractive yields and the strong technical performance of the Australian Housing market. Aggressively bid primary transactions from both onshore and international market participants continued to drive yields tighter within public RMBS and ABS markets. Market pricing is being well supported by the current view of a lack of issuance into 2021, complemented by strong flows into income based products searching for yield and a strong offshore presence looking to capitalise on the quality of the collateral within the Australian housing market.

The strength in public markets is very supportive of private RMBS/ABS. Private markets continue to deliver a healthy yield pick up over public markets, by virtue of certain structural factors. As public markets continue to outperform driven by the aforementioned technical considerations, we expect that the relative attractiveness of private markets will only increase.

For context the COVID driven sell off in March brought Private RMBS securities in line with Public securities, however as the market has recovered the differential between these security types has increased back to pre-COVID levels. While strong public market performance does have some bearing on private market pricing and yields, private assets are bilaterally negotiated and are priced through the cycle.

In terms of the environment, the exit of some mezzanine lenders from the Australian market has provided a strong pipeline of transactions for the fund to assess, across a diverse range of assets including personal loans, auto loans, commercial real estate and residential housing. Due to the very limited amount of investors available to access private mezzanine lending markets, spreads have widened reflecting the higher illiquidity, complexity and aversion premia. The funds positioning gives it a unique ability to take advantage of these higher yields within the current transaction pipeline. There is ample transaction flow to accommodate the ramp up of our private asset portfolio.

Housing Arrears & Portfolio Performance

Portfolio arrears improved 7bps to 0.49% 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 7bps to 0.98% for the month of September, while non-conforming arrears weakened slightly to 3.56%.

Portfolio Risk Analysis

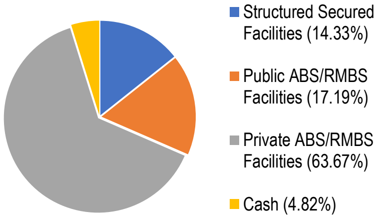
Collateral values as shown by Corelogic's national home value index recorded another strong month with a 0.8% rise in residential property values nationally, a second positive month after having posted five months of declines. This was wide ranging with all capital cities posting a rise. Property price expectations from various bank economists have begun to turn with expectations of price rises ranging between 5-10% over the next year. This is very positive for structured credit, where it improves asset recoverability. Housing activity also remained strong across the states. Pent up demand over the lockdown period - which had been suppressing auctions and inspections, especially in Melbourne - has released and continues to be a driver of auction rates. Other states also recorded good clearance rates over the month on good volumes.

Each of these technical factors signal a strengthening market, and while the recovery from the COVID fallout is still underway, the quality of loans written, level of arrears recovery and collateral price appreciation within the Australian housing market is evident, and continues to attract a wide array of investors to the asset class, driving both tighter yields and portfolio performance.

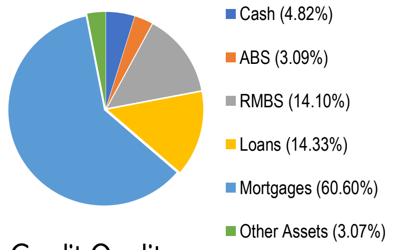
Government support through the Forbearance SPV (which was designed to support the borrowers of non-bank lenders), continues to experience only modest utilisation with only approximately $100 million drawn at the last reported date. Of the $15 billion committed by the government only 0.68% has been committed to use for the purpose of forbearance, this provides comfort that the system is well positioned to absorb the fallout of the COVID crisis.

Disclaimers on Following Page

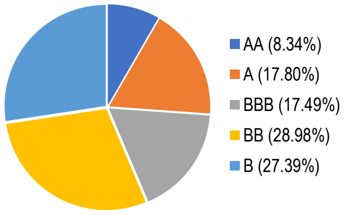
Portfolio Composition



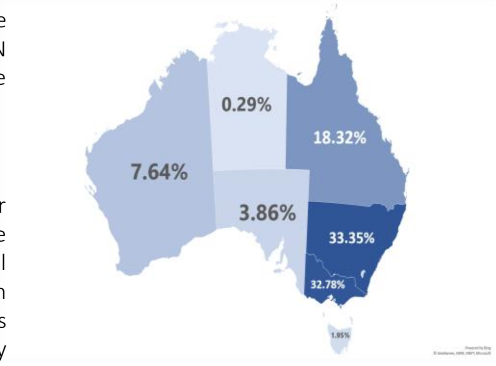
Collateral Type



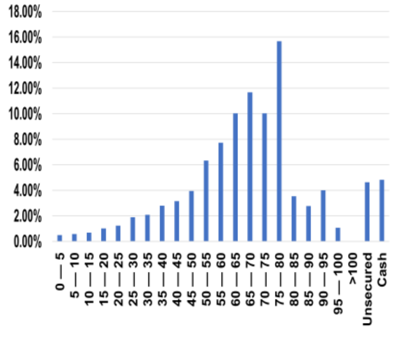
Credit Quality



Geographic Exposure



Weighted Average Portfolio LVR



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