

Realm Strategic Income Fund Enduring Units

January 2021



Fund Strategy

Realm Investment House (RIH) partners with banks, best of breed non-bank financiers and corporates to acquire exposures in high quality wholesale banking facilities that fund secured corporate loans and loans. 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 and actively managing & 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. 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	0.54%	0.01%
3 Month	1.86%	0.03%
6 Month	3.41%	0.09%
Since Inception*	5.66%	0.24%

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

Gross Running Yield* 5.85%

*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 Withdrawal Windows

The fund is designed to take advantage of a range of structural premia in the wholesale banking and secured loan market. This requires a more structured approach to providing liquidity to investors for redemption purposes. It is the managers intention to make liquidity available, through making a stated dollar value of liquidity available for the purpose of meeting redemption requirements on a monthly basis.

Fund Next Withdrawal Window

The next withdrawal window will be closing at 2pm AEDST on 28 February. We are accepting redemption requests for up to \$1,500,000 (4.3% of fund assets). The fund holds 2.18% 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 (13.47%), Private ABS/RMBS Facilities (82.90%), as well as Public ABS/RMBS Facilities (1.45%). The weighted average credit rating of the portfolio sits at BBB, a weighted credit duration of 0.53 years and a pre fee running yield of 5.85%.

Private assets increased from 74.5% as at end December to 82.90% this month as a new Prime RMBS facility was settled. This new facility had the impact of increasing the overall credit rating of the fund to BBB from BBB- last month , increasing the running yield and decreasing the funds credit duration. The strategy continues to deliver an attractive running yield of 5.85%.

Fund Details

Distribution Frequency: Quarterly
Applications: Monthly
NEXT Redemptions Window: 28 Feb - \$1,500,000
The manager is targeting monthly redemption windows
Pricing & Reporting Frequency: Monthly
Inception Date: 21.2.2020
Fund size: \$35m
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-Feb-2021.pdf>
Platform Availability

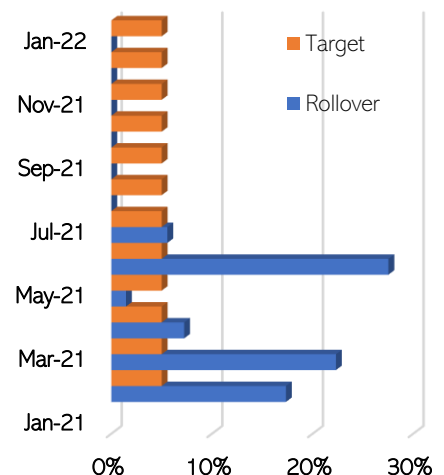
- Hub24
- Netwealth
- Powerwrap
- Xplore Wealth
- Australian Money Markets
- Spitfire
- Macquarie Wrap
- BT Panorama/Wrap *(New)

Fund Statistics

Running Yield	5.85%
Yield To Maturity	5.84%
Volatility†	0.60%
Interest rate duration	0.08
Credit duration	0.53
Average Credit Rating	BBB
Number of positions	40
Average position exposure	2.45%
Worst Month*	0.39%
Best Month*	0.84%
Sharpe ratio [§]	8.98

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

Market Update; Public RMBS markets continue to be very well supported by aggressive buying from a growing number of institutions. Three key themes continue to drive sector outperformance; an expected lack of issuance in 2021, strong flows into income based products searching for yield and a strong offshore bid into Australian assets. We believe this continues to underpin a positive outlook for the broader sector.

Private Assets; The strength in public markets continues to be 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, we expect that the relative attractiveness of private markets will only increase.

Portfolio Pipeline; A new transaction was settled in January into a super prime emerging program, the transaction increased credit quality and running yield. An additional settlement into the program of a seasoned SME issuer is due to occur in early Feb, with 3 further transactions currently in live negotiations. The pipeline continues to experience a high level of reverse funding enquiry, with another nine facilities within the screening stage of our due diligence process. This transaction flow is ample to accommodate the ramp up of our private asset portfolio while allowing the funds return objective of 4.75% over cash after fees to be met.

Housing Arrears & Portfolio Performance

Portfolio arrears improved 12bps to 0.52% 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 also weakened, showing prime arrears moving to 0.93% for the month of November, with non-conforming arrears also moving to 3.31%.

Portfolio Risk Analysis

Housing Market Performance; Collateral values, as shown by CoreLogic's national home value index, recorded another strong month with a 0.84% rise in residential property values across the 5 major capital cities. This was again broad based with all capital cities posting strong monthly rises, with apartments prices also up slightly from last month.

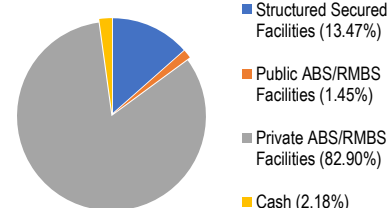
Property price expectations from various bank economists continue to predict strong appreciation in house prices across the country, ranging between 5-10% over the next year.

Fundamentally, this is very positive for structured credit, as it drives lower losses if defaults occur. Clearance rates were strong coming into February on lower volumes. This is a normal seasonal effect.

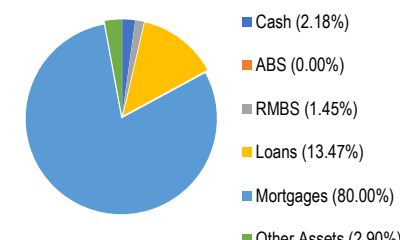
Each of these technical factors continue to signal a strengthening market, and while the recovery from the COVID fallout is still playing out, the quality of loans written, level of arrears recovery and collateral price appreciation within the Australian market are all very supportive for the market outlook.

Support; Government support continues through the Forbearance SPV (which was designed to support the borrowers of non-bank lenders). No new lenders were added to the support, with only 0.68% of the committed \$15bn used for the purpose of forbearance. This continues to provide comfort that the system is well positioned to absorb the fallout of the COVID crisis.

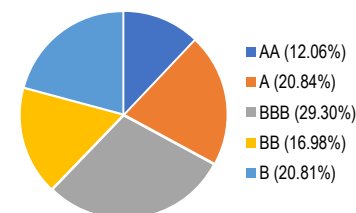
Portfolio Composition



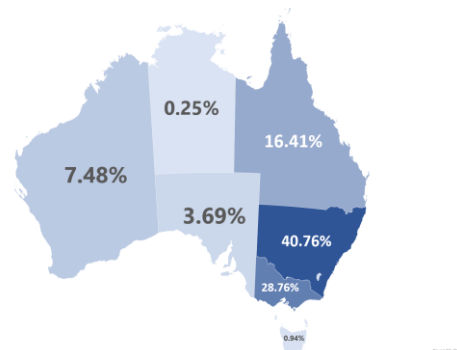
Collateral Type



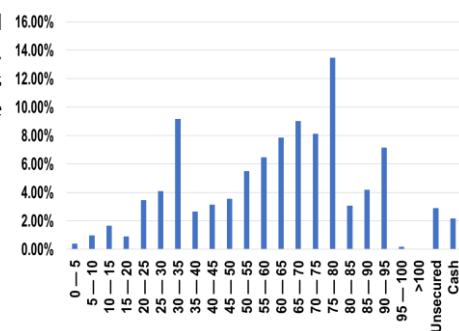
Credit Quality



Geographic Exposure



Weighted Average Portfolio LVR



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