

# REALM STRATEGIC INCOME FUND ENDURING UNITS

JUNE 2022

REALM INVESTMENT  
HOUSE

## 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.

## FUND DETAILS

### Distribution

**Frequency:** Quarterly

### Applications:

Monthly **NEXT**

### Redemptions Window:

31 July - \$20,000,000

### Pricing & Reporting

**Frequency:** Monthly

**Inception Date:** 21.2.2020

**Fund size:** \$333m

**Benchmark:** RBA Cash Rate

**Buy/Sell:** 0.20%/0.00%

**APIR Codes:** OMF5868AU

**Management Fees:** 0.99%  
Net of GST

## PLATFORM AVAILABILITY

- Australian Money Markets
- BT Panorama/Wrap
- First Wrap
- Hub24
- Macquarie Wrap
- Netwealth
- Powerwrap
- Xplore Wealth

## NET PERFORMANCE

Period	Enduring Units	RBA Cash Rate Return
1 Month	0.28%	0.06%
3 Month	0.94%	0.10%
6 Month	2.03%	0.12%
1 Year	5.16%	0.17%
2 year	5.60%	0.16%
Since Inception*	5.52%	0.19%

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

## FUND STATISTICS

Running Yield	6.53%
Yield To Maturity	6.52%
Volatility†	0.35%
Interest rate duration	0.04
Credit duration	1.18
Average Credit Rating	BBB
Number of positions	111
Average position exposure	0.82%
Worst Month*	0.28%
Best Month*	0.84%
Sharpe ratio‡	11.18

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

## GROSS RUNNING YIELD\* 6.53%

\*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 STRATEGY

Realm Investment House (RIH) partners with banks, best of breed non-bank financiers and corporates to fund high quality wholesale banking facilities, in particular mortgages 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 & monitoring the risk of each funding facility exposure during the life of the fund.

## FUND WITHDRAWAL WINDOWS

The next withdrawal window will be closing at 5pm AEST on 31 July. We are accepting redemption requests for up to \$20,000,000 (about 6% of fund assets). The fund holds 34.66% in cash and marketable securities. Further details will be posted on our website. See the link on page 3.

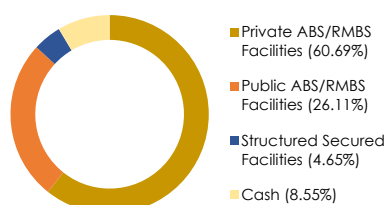


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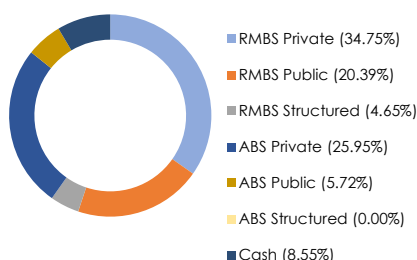
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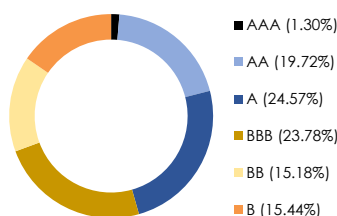
## PORTFOLIO COMPOSITION



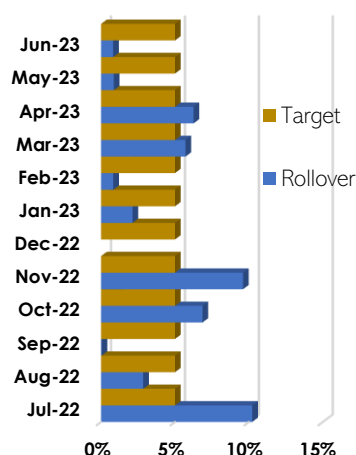
## COLLATERAL TYPE



## CREDIT QUALITY



## ROLLOVER VS TARGET



## FUND UPDATE

The portfolio is invested across a range of Private ABS/RMBS Facilities (60.69%), Public ABS/RMBS Facilities (26.11%) and Structured Secured Facilities backed by loans (4.65%). The weighted average credit rating of the portfolio sits at BBB, a weighted credit duration of 1.18 years and a pre fee running yield of 6.53%.

The Realm Strategic Income Fund closed several new trades over the month, which added to the portfolios total running yield. This was compounded by increases to the cash rate and subsequently BBSW, which have had the effect of increasing the portfolios running yield from 6.12% to 6.53%. The portfolio maintains a 26.11% holding in public securities which has reduced from approximately 29.20% last month. Our intention is to continue to reduce public securities as private securities are negotiated and settled. While this detracted from the total return, the strong yield generated by the portfolio offset this weakness with the fund delivering a strong positive number for the month. There are several new private facilities due to within the due diligence pipeline due to be funded shortly which we anticipate will continue to increase the portfolios running yield.

## PORTFOLIO RISK ANALYSIS

**Housing Market Performance;** Australian residential property values fell 0.9% over the month as reported by the CoreLogic 5 capital city property index. The index fall was driven predominately by the Sydney and Melbourne property markets which fell 1.6% and 1.1% respectively. The index was supported by rises in the property markets for the remaining capital cities.

Clearance rates weakened over the month, reducing to hover around 55% from 60%. This remains driven by a higher number of properties for sale with buying remaining opportunistic due to stock levels.

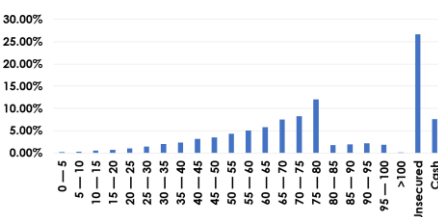
In terms of performance, arrears within the system remain low and our outlook for the strategy remains constructive.

# REALM STRATEGIC INCOME FUND ENDURING UNITS

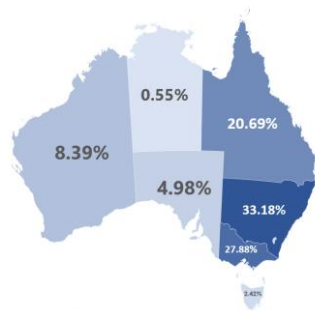
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## WEIGHTED AVERAGE PORTFOLIO LVR



## GEOGRAPHIC EXPOSURE



## OTHER FUND DETAILS

**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/Real-m-Limited-Withdrawal-Offer-Notice-July22.pdf>

## TRANSACTION AND MARKET FLOW

**Market Update;** Public Structured credit markets continued to drift wider, with credit spreads weakening alongside global credit markets as recession headlines continued to weigh on sentiment. Several transactions issued into primary markets ranging across both prime and nonconforming asset classes, with a range of secondary trades also taking place. Supply continues to push markets wider, mainly across the senior mezzanine (Junior AAA/AA rated) and mezzanine (A/BBB rated) portions of the capital structure.

**Private Assets;** Private Asset pricing remains stable within the portfolio, with yields across the private middle mezzanine (A/BBB rated) portfolio continuing to offer over not only twice the yields of public securities, but also better protections through documentation and covenants. This trend continues within the private junior mezzanine portfolio (BB/B rated), with the relative value on offer by private markets displaying significant value against the public market.

**Portfolio Pipeline;** The funding pipeline continues to grow, with four facilities funded over the month and a further two facilities due to close within the coming weeks. Levels of enquiry around funding proposals remains high, with twelve high quality proposals currently being assessed within various stages of the fund's due diligence pipeline. The investment team will continue to use this pipeline to assist the fund in meeting its stated return outcome, whilst accommodating unitholder demand.

## HOUSING ARREARS & PORTFOLIO PERFORMANCE

Portfolio arrears remained inline at 0.67% for the month of June. Transactions within the portfolio continue to perform well and be monitored closely.

S&P's Prime market arrears Index (SPIN) remains at low levels relative to historic averages. The prime arrears index improved 5bps to 0.73% for March. Non-conforming arrears increased 17bps to 2.41%. We continue to view current market conditions as benign from a risk perspective.

## REALM INVESTMENT HOUSE CONTACTS

### DISTRIBUTION

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