

# REALM STRATEGIC INCOME FUND ENDURING UNITS

REALM INVESTMENT  
HOUSE

APRIL 2022

## 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 May - \$20,000,000

### Pricing & Reporting

**Frequency:** Monthly

**Inception Date:** 21.2.2020

**Fund size:** \$300m

**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
- Hub24
- Macquarie Wrap
- Netwealth
- Powerwrap
- Xplore Wealth

## NET PERFORMANCE

Period	Enduring Units	RBA Cash Rate Return
1 Month	0.31%	0.01%
3 Month	0.95%	0.02%
6 Month	2.39%	0.05%
1 Year	5.41%	0.10%
2 year	5.71%	0.14%
Since Inception*	5.66%	0.16%

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

## FUND STATISTICS

Running Yield	5.98%
Yield To Maturity	5.85%
Volatility†	0.31%
Interest rate duration	0.05
Credit duration	1.37
Average Credit Rating	BBB-
Number of positions	116
Average position exposure	0.80%
Worst Month*	0.28%
Best Month*	0.84%
Sharpe ratio <sup>2</sup>	11.47

Calculated on Enduring Units unless otherwise stated. \*Since Inception 21 February 2020. †Trailing 12 Months Calculated on Monthly observations. <sup>2</sup>Since Inception Calculated on Monthly observations

## GROSS RUNNING YIELD\* 5.98%

\*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

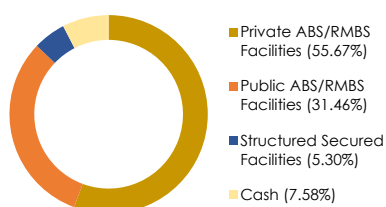
The next withdrawal window will be closing at 5pm AEST on 31 May. We are accepting redemption requests for up to \$20,000,000 (about 5% of fund assets). The fund holds 39.04% in cash and marketable securities. Further details will be posted on our website. See the link on page 3.



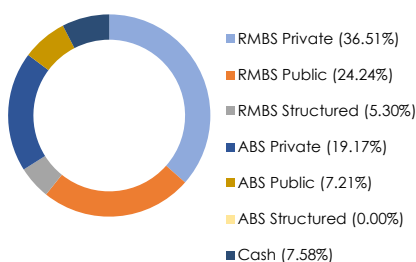
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APRIL 2022

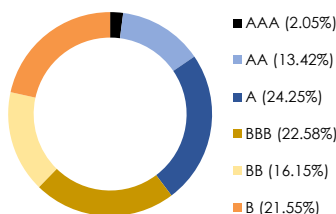
## PORTFOLIO COMPOSITION



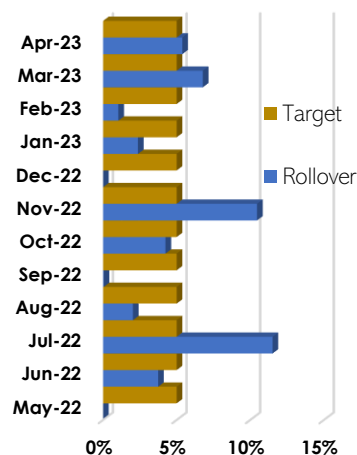
## COLLATERAL TYPE



## CREDIT QUALITY



## ROLLOVER VS TARGET



## FUND UPDATE

The portfolio is invested across a range of Private ABS/RMBS Facilities (55.67%), Public ABS/RMBS Facilities (31.46%) and Structured Secured Facilities backed by loans (5.30%). The weighted average credit rating of the portfolio sits at BBB-, a weighted credit duration of 1.37 years and a pre fee running yield of 5.98%.

Public RMBS markets weakened over the month alongside global credit markets, as inflation headlines led to investors selling credit. The Realm Strategic Income Fund maintains a 31.46% holding in public securities which were impacted as a consequence. This allocation to public securities has reduced from approximately 36% last month, and 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 and still delivered a strong positive number for the month. We anticipate several new settlements over the month will continue to increase the weighting to private assets and increase the portfolios running yield.

## PORTFOLIO RISK ANALYSIS

**Housing Market Performance;** Australian residential property values across most capital cities rose over the month of April. The CoreLogic 5 capital city property index recorded a gain of 0.3%. This was led by gains in housing across most markets, which increased 0.4%, while units and apartments again lagged, increasing 0.1%. While the broader housing index increased, Sydney and Melbourne housing markets recorded small falls of 0.1% and 0.2% respectively.

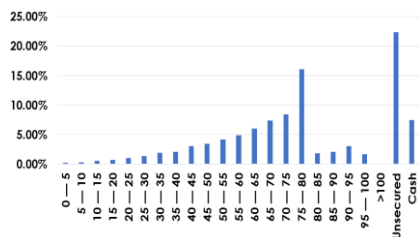
Clearance rates continued to decline over the month, again driven by the number of properties for sale as sellers try to take advantage of market conditions.

Within the system, arrears remain low and property values remain well supported. Our outlook for the strategy remains constructive.

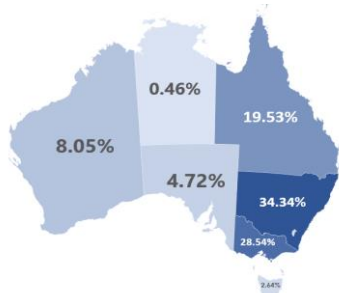
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## WEIGHTED AVERAGE PORTFOLIO LVR



## 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/Realm-Limited-Withdrawal-Offer-Notice-May22.pdf>

## TRANSACTION AND MARKET FLOW

**Market Update;** Structured credit markets were weaker alongside credit markets over the month on the back of inflation concerns. This continued to affect the senior mezzanine (AAA/AA rated) and higher rated mezzanine (A rated) portions of the capital structure. Lower mezzanine (BBB rated) and sub-investment grade markets remain relatively stable and now look less attractive than other parts of public market structures on a relative value basis, given the higher yields available.

**Private Assets;** Private market pricing continues to remain stable and offer a sizeable premium over public assets. Compensation for these assets continues to sit at around twice the yield available in the public market for risk which offers better protection in the form of covenants. The relative value available in private markets continues to be more attractive than public structured credit markets, and the fund will continue to allocate to these markets where possible.

**Portfolio Pipeline;** The funding pipeline continues to grow, with a further series of new facilities due to be funded over the next month. Levels of enquiry around funding proposals remains high, with sixteen 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 weakened to 1.37% for the month of March. This weakness was driven by a reduction in size of one transaction through a sale to the public market. This temporary reduction in size resulted in the transaction becoming more concentrated to individual loans on a percentage basis.

S&P's Prime market arrears Index (SPIN) remains at low levels relative to historic averages. The prime arrears index weakened 5 bps to 0.79% for January, which is seasonally expected following the Christmas period. Non-conforming arrears increased to 2.54%. We continue to view current market conditions as benign from a risk perspective.

### REALM INVESTMENT HOUSE CONTACTS

A: LEVEL 17, 500 Collins street  
Melbourne VIC 3000

#### DISTRIBUTION

**Broc McCauley**  
T: 0433 169 668  
E: [broc.m@realminvestments.com.au](mailto:broc.m@realminvestments.com.au)

**Client Services**  
T: 03 9112 1150  
E: [clientservices@realminvestments.com.au](mailto:clientservices@realminvestments.com.au)

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