

Realm Strategic Income Fund Enduring Units

May 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	0.43%	0.01%
3 Month	1.34%	0.03%
6 Month	2.74%	0.05%
1 Year	6.02%	0.16%
Since Inception*	5.82%	0.20%

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

Gross Running Yield* 6.02%

*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 AEST on 30 June. We are accepting redemption requests for up to \$2,500,000 (5% of fund assets). The fund holds 5.75% 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 (8.98%), Private ABS/RMBS Facilities (85.28%), as well as Public ABS/RMBS Facilities (0%). The weighted average credit rating of the portfolio sits at BBB, a weighted credit duration of 0.86 years and a pre fee running yield of 6.02%.

The portfolio continues to rebalance its holdings within private markets where appropriate. This has taken place over month end, and has had the effect of increasing the funds running yield to **6.42%** from the 6.02% reported as at the time of writing. This has been driven by a reduction in the funds credit rating to an investment grade **BBB-** from the BBB reported.

Fund Details

Distribution Frequency: Quarterly
Applications: Monthly
NEXT Redemptions Window: 30 June - \$2,500,000
The manager is targeting monthly redemption windows
Pricing & Reporting Frequency: Monthly
Inception Date: 21.2.2020
Fund size: \$50m
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-June2021.pdf>
Platform Availability

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

Fund Statistics

Running Yield	6.02%
Yield To Maturity	5.98%
Volatility†	0.44%
Interest rate duration	0.06
Credit duration	0.86
Average Credit Rating	BBB
Number of positions	44
Average position exposure	2.14%
Worst Month*	0.39%
Best Month*	0.84%
Sharpe ratio [§]	10.01

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 securitisation markets were lively over the month, with a range of transactions spanning both Regional, Prime and Personal loan securitisations pricing. These were all very well supported, with strong demand forcing some transactions to close to new orders up to several days earlier than anticipated. This tightened spreads as much as 50bps in Prime markets at the sub investment grade (BB) rating level, representing a material tightening in yields over this month. Demand for the sector continues to drive yields tighter as investors look to pivot towards the value presented by securitisation markets.

Private Assets; Relative attractiveness of private assets has continued to increase, with private assets continuing to show a strong relative value uplift in investment grade mezzanine (A-BBB rated), and more recently within sub investment grade mezzanine (BB and below). This has been caused by the tightening of yields in public markets noting the significant tightening in both public investment grade and sub investment grade bond yields over the month. Within the portfolio, investment grade private markets are now compensating investors by between 2.0% more than public markets, while private sub investment grade bonds are now compensating investors up to 0.5% more than public comparable securities on average.

Portfolio Pipeline; The fund pipeline continues to be strong, with further reverse enquiries and funding proposals presented to the fund over the past month. Four transactions now sit within our enhanced due diligence and screened in phases, with a further 28 opportunities identified. This flow continues to allow the investment team to pick through the most suitable transactions and will allow the fund to meet its return objective of 4.75% over cash after fees.

Housing Arrears & Portfolio Performance

Portfolio arrears performed well over the month, improving 6bps to 0.43%, which remains well within the current arrear's expectation for this portfolio. Market arrears as reported by the S&P SPIN Index improved by 4bps to 0.94% for the month of March. Non-conforming arrears on the other hand weakened slightly to 3.57%.

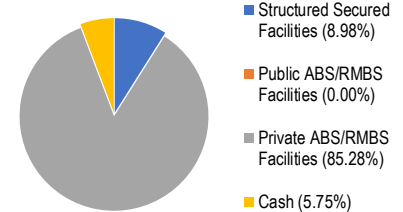
Portfolio Risk Analysis

Housing Market Performance; Pricing within the housing market continues to rise aggressively, with CoreLogic's national home value index posted another very strong monthly increase of 2.29% in residential property values across the 5 major capital cities. Gains continue to be led by houses, which increased 2.62% over the month (led by Sydney housing, rising 3.47%). Units continued to appreciate but again at a slower pace, increasing 1.35%.

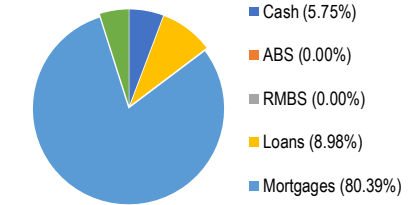
Clearance rates continued to sit around 75% for the month on a weighted average basis across all capital cities, with the first week of Melbourne's lockdown not yet impacting significantly on auction results. However, Melbourne auction volumes were revised down from predicted figures slightly over the last two weeks. The other states continue to show strong volumes.

From an investment standpoint, this continues to be a positive tailwind for structured assets, as it reduces the loss incurred if a borrower is to default. Loan quality remains high, and system arrears continues to perform, which continues to be very supportive for the market outlook for this strategy.

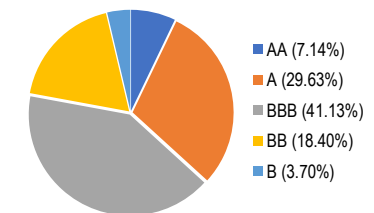
Portfolio Composition



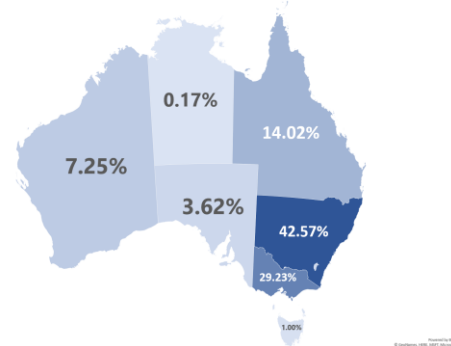
Collateral Type



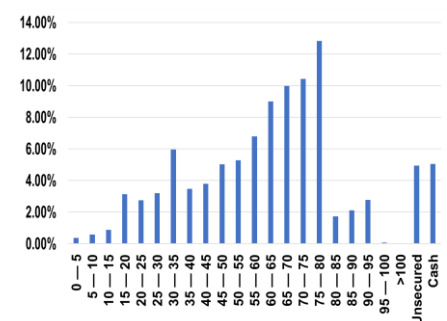
Credit Quality



Geographic Exposure



Weighted Average Portfolio LVR



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