

## 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	0.44%	0.01%
3 Month	1.29%	0.02%
6 Month	2.71%	0.05%
1 Year	6.06%	0.15%
Since Inception*	5.79%	0.20%

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

## Gross Running Yield\* 6.42%

\*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 30<sup>th</sup> of June.



## FUND STATISTICS

Running Yield	6.42%
Yield To Maturity	6.31%
Volatility†	0.44%
Interest rate duration	0.05
Credit duration	1.14
Average Credit Rating	BBB-
Number of positions	46
Average position exposure	2.07%
Worst Month*	0.39%
Best Month*	0.84%
Sharpe ratio <sup>2</sup>	10.27

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

## FUND DETAILS

**Distribution Frequency:** Quarterly  
**Applications:** Monthly  
**NEXT Redemptions Window:** 31 July - \$2,750,000  
**Pricing & Reporting Frequency:** Monthly  
**Inception Date:** 21.2.2020  
**Fund size:** \$55m  
**Benchmark:** RBA Cash Rate  
**Buy/Sell:** 0.20%/0.00%  
**APIR Codes:** OMF5868AU  
**Management Fees:** 0.99% Net of GST

## 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.

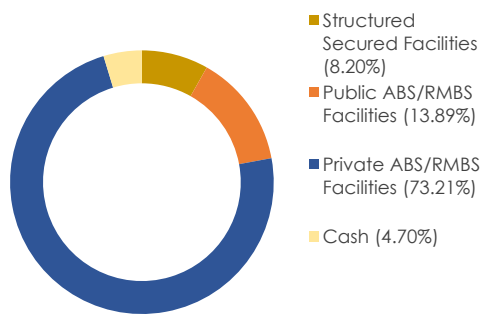
The next withdrawal window will be closing at 2pm AEST on 31 July. We are accepting redemption requests for up to \$2,750,000 (5% of fund assets). The fund holds 4.70% in cash reserves. Further details will be posted on our website. See the link on page 3.

## FUND UPDATE

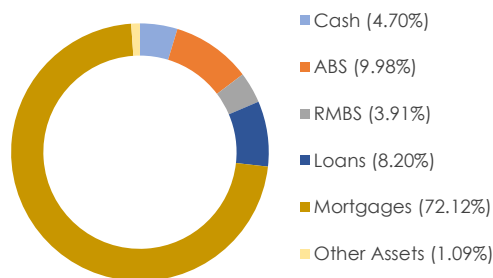
The portfolio is invested across a range of Structured Secured Facilities backed by loans (8.20%), Private ABS/RMBS Facilities (73.21%), as well as Public ABS/RMBS Facilities (13.89%). The weighted average credit rating of the portfolio sits at BBB, a weighted credit duration of 1.14 years and a pre fee running yield of 6.42%.

The funds running yield increased to **6.42%** from the 6.02% reported last month whilst maintaining an investment grade (BBB-) rating. The fund increased its holdings within asset backed securities from last month, with structured facilities remaining in line and exposure to public facilities also growing. The fund intends to use the deal flow pipeline to maintain the healthy running yield and rebalance within private and public markets where appropriate.

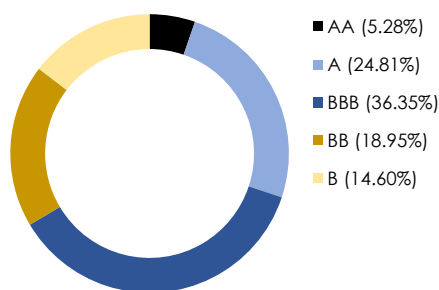
## PORTFOLIO COMPOSITION



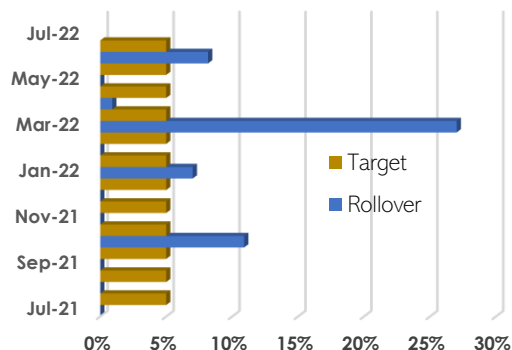
## COLLATERAL TYPE



## CREDIT QUALITY



## ROLLOVER VS TARGET



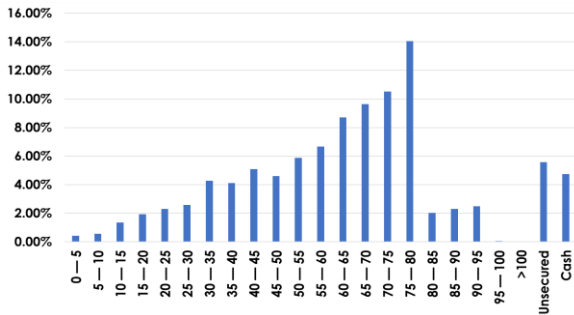
## PORTFOLIO RISK ANALYSIS

**Housing Market Performance;** Low interest rates continue to fuel aggressive price rises within the housing market, with CoreLogic's national home value index posting another very strong monthly increase of 1.92% in residential property values across the 5 major capital cities. With the exception of Perth, gains continue to be led by houses, which increased 2.16% over the month (again led by Sydney, where housing rose rising 2.95%). Units continued to appreciate but again at a slower pace, increasing 1.18%.

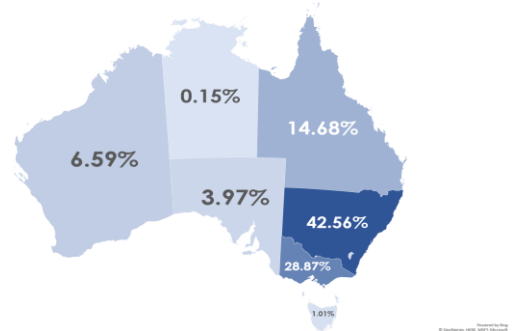
Clearance rates and volumes were lower into month end as expected, given the fresh lockdowns imposed on several states. The weighted average clearance rate across all capital cities remained high, finishing the month at 78%, and reducing to 74% on lower volumes for the first weekend in July.

Loan quality remains high with low arrears within the system and strong underlying pricing continuing to feed through. 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. This continues to be very supportive for the market outlook for this strategy.

## WEIGHTED AVERAGE PORTFOLIO LVR



## GEOGRAPHIC EXPOSURE



## TRANSACTION AND MARKET FLOW

**Market Update:** The substantial demand for public securities continued to drive yields tighter over the month. Issuance within the public sector continued into financial year end, with four transactions pricing across regional (AMP), non-resident (Ruby) and personal loan markets (Now/Humm). The sector continues to present strong value which is recognised by investors, with substantial demand once again forcing transactions to close to new orders days earlier than anticipated. This has developed into a consistent theme in securitisation markets and continues to provide a tailwind for pricing.

**Private Assets;** Private assets continue to present very strong relative value in comparison to not only public markets, but also to other sectors more broadly. Investment grade private assets within the portfolio now compensate investors twice as much as investment grade risk within the public market. This trend continues within private junior markets (sub investment grade), with compensation ranging up to an additional 1% over public markets. As public markets continue to rally, this divergence between public and private markets continues to increase, which drives the relative attractiveness of the private space.

**Portfolio Pipeline;** The portfolio pipeline continues to be strong, driven by a range of reverse enquiries and funding proposals in addition to the current pipeline which were presented to the fund over the past month. Five transactions now sit within our enhanced due diligence and screened in phases, with a further 24 opportunities identified. The investment team will use this flow 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 increased over the month to 0.74%, which remains well within the current arrear's expectation for this portfolio. Market arrears as reported by the S&P SPIN Index remained inline with last month at 0.94%. Non-conforming arrears on the other hand weakened slightly to 3.64%.

## 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-July2021.pdf>

## PLATFORM AVAILABILITY

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

DISCLAIMERS ON FOLLOWING PAGE

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