

REALM STRATEGIC INCOME FUND ENDURING UNITS

OCTOBER 2021

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: 30 November

- \$15,000,000

Pricing & Reporting

Frequency: Monthly

Inception Date: 21.2.2020

Fund size: \$110m

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	0.51%	0.01%
3 Month	1.59%	0.03%
6 Month	2.95%	0.05%
1 Year	6.20%	0.10%
Since Inception*	5.88%	0.18%

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

FUND STATISTICS

Running Yield	6.65%
Yield To Maturity	6.39%
Volatility†	0.41%
Interest rate duration	0.13
Credit duration	1.31
Average Credit Rating	BB
Number of positions	68
Average position exposure	1.46%
Worst Month*	0.39%
Best Month*	0.84%
Sharpe ratio ²	11.17

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

GROSS RUNNING YIELD* 6.65%

*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

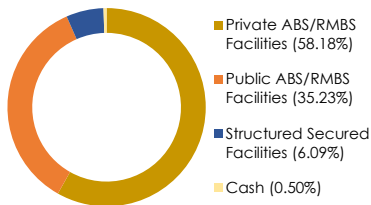
The next withdrawal window will be closing at 5pm AEDST on 30 November. We are accepting redemption requests for up to \$15,000,000 (10% of fund assets). The fund holds 35.75% in cash and marketable securities. Further details will be posted on our website. See the link on page 3.



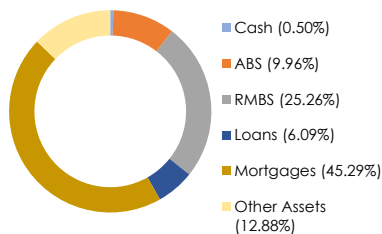
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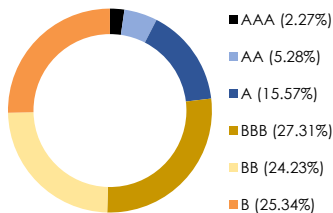
PORTFOLIO COMPOSITION



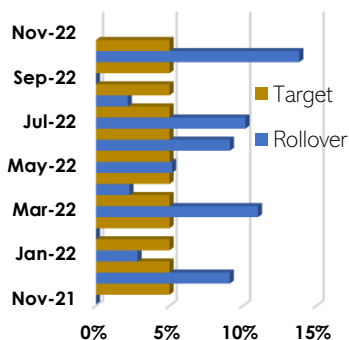
COLLATERAL TYPE



CREDIT QUALITY



ROLLOVER VS TARGET



FUND UPDATE

The portfolio is invested across a range of Private ABS/RMBS Facilities (58.18%), Public ABS/RMBS Facilities (35.23%) and Structured Secured Facilities backed by loans (6.09%). The weighted average credit rating of the portfolio sits at BB, a weighted credit duration of 1.31 years and a pre fee running yield of 6.65%.

The fund's running yield increased to **6.65%** from the 6.54% reported last month, which had the effect of lowering the funds weighted rating from BB+ to BB. The fund increased its holdings within public securities from last month, with structured facilities also decreasing slightly, and exposure to private facilities reducing slightly. 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 RISK ANALYSIS

Housing Market Performance: Property values across Australia continue to perform with the CoreLogic Home Property Value index recording a gain of 1.36% for the month of August for the five capital city aggregate. This now represents a 20.6% gain as a year on year figure, which has been driven primarily by housing, up 23.8% for the same period. Units continue to lag the market strength, up a further 1.08% over the month which represents 11.57% for the year.

Clearance rates remained strong over the month, finishing just below 80% with reported volumes continuing to grow. This was especially prevalent in Melbourne with month end auction week being the second busiest in the year so far.

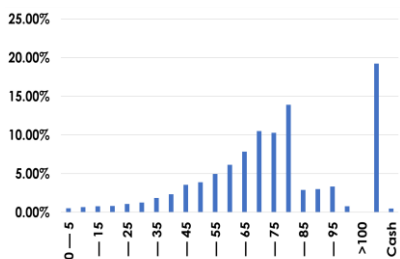
The system continues to exhibit low levels of arrears, with asset quality remaining high. Continued growth in asset prices greatly reduces the severity of loss if a borrower is to default, and supports our market outlook for this strategy

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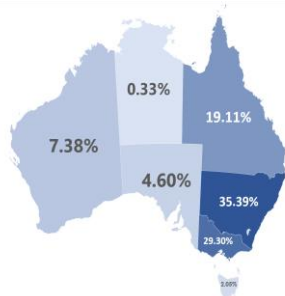
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REALM INVESTMENT
HOUSE

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/real-strategic-income-fund-enduring-units/>

Liquidity Window

Notice: <https://www.realminvestments.com.au/wp-content/uploads/Real-m-Limited-Withdrawal-Offer-Notice-Nov2021.pdf>

TRANSACTION AND MARKET FLOW

Market Update; Public issuance over the month of October remained very strong with nine transactions pricing across several asset classes including regional banks, prime, non-conforming and asset backed securities. Further strong issuance is expected by the market into year-end as issuers lock in funding requirements over the Christmas period. Market demand for the mezzanine (BBB rated) and sub investment grade tranches remains very strong and continues to provide a tailwind for pricing. This is in contrast to Senior and Senior mezzanine markets (AAA/AA rated), which have continued to moderate from their record tightness due to supply from one of the strongest recorded yearly issuances to date.

Private Assets; Relative to public assets, private assets continue to present very strong relative value. Investment grade mezzanine tranches (A/BBB rated) continue to reward investors well over twice the yields of equivalent rated public markets, while offering greater protections and shorter terms. The yield premiums available in private assets extend into sub investment grade markets as well. We remain very constructive on private assets and expect yield premiums to remain.

Portfolio Pipeline; The current pipeline for funding is very strong, with the progression of several previously identified opportunities through our pipeline towards the goal of being funded. In addition, a further five high quality opportunities were identified over the month, with a total of sixteen transactions now sitting within our screening and enhanced due diligence stages of the pipeline. This allows the investment team to selectively pick through the most suitable transactions, which in turn allows 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 0.76%, which remains well within the current range of expectations for this portfolio. Market arrears as reported by the S&P SPIN Index for August improved 8bps from the previous month to 0.81%, while non-conforming arrears weakened 6bps to 2.98%.

REALM INVESTMENT HOUSE CONTACTS

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