

MAY 2024

## FUND OBJECTIVE

The Realm Short Term Income Fund seeks to produce a return (net of fees) that exceeds the total return of the RBA Overnight Cash Rate by 1.50%-2.00% p.a. over rolling three-year periods.

## FUND DETAILS

### Distribution Frequency:

Monthly

**Liquidity:** Daily

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

### Direct Minimum

### Investment:

Ordinary Units - \$25,000

mFunds Units - \$25,000

**Inception Date:** 21.12.2017

**Fund size:** AUD \$1.53 billion

### APIR Codes:

Ordinary Units - OMF3725AU

mFunds Units - OMF8160AU

### Management Costs (Net of GST):

Ordinary Units – 0.3075%

mFunds Units – 0.3634%



## NET PERFORMANCE

Period	Short Term Income Fund	RBA Cash Rate Return
1 Month	0.59%	0.36%
3 Month	1.81%	1.08%
6 Month	3.86%	2.15%
1 Year	7.35%	4.24%
3 Year p.a	3.84%	2.32%
5 Year p.a	3.36%	1.57%
Since Inception p.a*	3.26%	1.56%

\*Past performance is not indicative of future performance. Inception date is 21 December 2017.

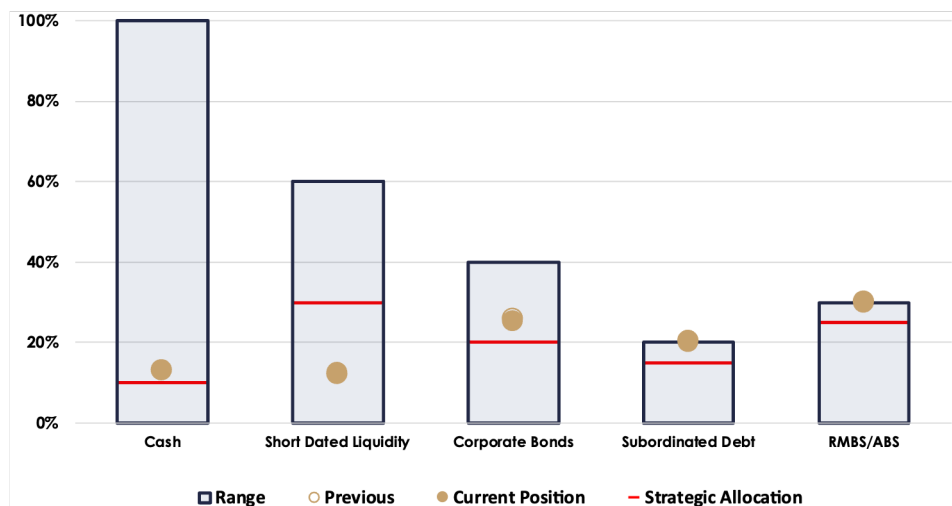
## FUND STATISTICS

Running Yield	5.44%
Yield to Maturity	5.87%
Volatility†	0.44%
Interest rate duration	0.09
Credit duration	1.48
Average Credit Rating	A
Number of positions	345
Average position exp.	0.28%
Worst Month*	-0.26%
Best Month*	0.72%
Sharpe ratio <sup>‡</sup>	4.58

Calculated on Ordinary Units unless otherwise stated. \*Since Inception 21 December 2017.

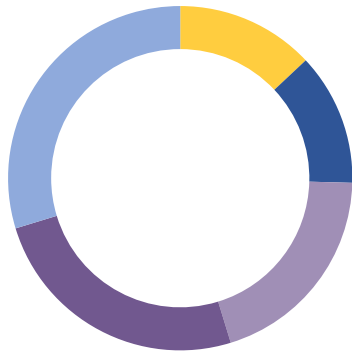
†Trailing 12 Months Calculated on Daily observations. ‡Since Inception Calculated on Daily observations

## SECTOR ALLOCATION



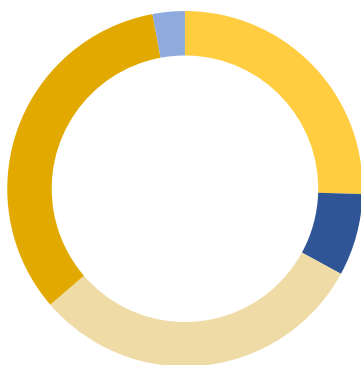
## PORTFOLIO

### COMPOSITION



- Cash (13.00%)
- Short Dated Liquidity (12.43%)
- Sub Debt (19.83%)
- Corporate Bond (25.03%)
- RMBS & ABS (29.71%)

### CREDIT DURATION PROFILE



- At Call to 6 Months (25.48%)
- 6 Months to 1 Years (7.47%)
- 1 Years to 2 Years (30.74%)
- 2 Years to 3 Years (33.38%)
- 3 Years to 3.5 Years (2.93%)

## FUND UPDATE

**Cash and Short-Term Liquidity Weighting:** ↑ Cash and Short dated liquidity increased from 24.65% to 25.43%.

**Interest Rate Duration Position:** → 0.09 years. The strategy will maintain interest rate duration of approximately 3 months as an average. Having a low IRD number limits the realised volatility and losses in the fund from government bond volatility - a key feature of the Realm Short Term Income Fund. The 3Y Aus government bond yield ended the month 2bp higher, albeit with a trading range of 36bp. The strategy will, as a rule, only take modest interest rate risk.

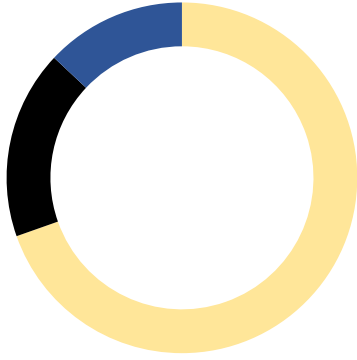
**Corporate & Subordinated Debt Allocation:** ↓ Decreased from 45.56% to 44.86%. Optimisation within the corporate bond sector was once again skewed towards Australian issuers in AUD currency due to relative value opportunities over the month. Profits were realised by harvesting roll-down returns in AUD predominantly. Corporate bonds, traditionally, present modest relative value over bank senior bonds due to the rating differential; and this relative value was maintained over the month. AUD corporates slightly outperformed EUR and USD denominated bonds, in an otherwise stable month. Subordinated debt optimisation was also skewed towards Australian issuers in AUD. The short, conservative nature of the sector and diversification aided in cushioning any intra-month market volatility.

**Residential Mortgage-Backed Securities (RMBS) & ABS:** → Allocation to structured credit remained inline at 29.71%. As at month end, the portfolio maintained an A average credit rating and a relatively short weighted credit duration of 1.75 years.

Public structured credit markets continued to remain very well bid over the course of the month, which continued to drive spreads tighter. Mezzanine (AA-B rated) tranches remain very well bid. Tighter yields in market continue to allow issuers to price transactions more efficiently, which has continued to add to the pipeline of new transactions looking to be issued in market. As a result, dealflow for the month continues to remain substantial, with 14 transactions pricing across regional bank trades, prime and nonconforming RMBS, auto and SME asset classes. Secondary markets continue to trade tighter than public markets, with investors competing for limited stock wherever possible.

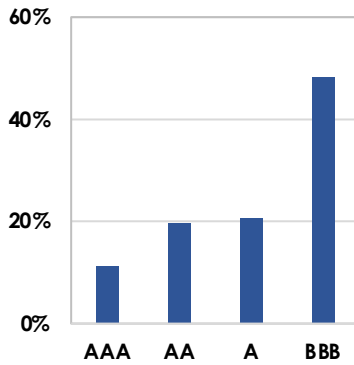
With respect to market performance, Prime arrears as reported by S&P's SPIN index for March weakened 5bps to 1.00%. Nonconforming arrears weakened 1bp to 4.18%. Both results remain strong in comparison to both market expectations and historic index levels.

ISSUER DOMICILE



- Australian/NZ Domiciled Issuer (69.60%)
- Foreign Domiciled Issuer (17.40%)
- Cash (13.00%)

CREDIT QUALITY



OTHER FUND DETAILS

Unit Pricing:

<https://www.realminvestments.com.au/our-products/realm-short-term-income-fund/>

**Targeted risk across the Fund:** ↓ Targeted risk decreased from 0.72% to 0.71%, reflecting the optimisation within portfolio limits. Meanwhile, realised standard deviation is at 0.44%. This has remained stable over the short term due to favourable mark to market valuations. The portfolio remains defensively positioned although despite this, the fund has performed relatively well over the last 12 months, delivering 7.34% after fees. This is evidence that the strategy is well designed, delivering a reasonable premium over cash while maintaining a very tight distribution of returns month on month. The fund remains compliant with the portfolio ESG risk limits.

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## PLATFORM AVAILABILITY

- Australian Money Market
- AMP North
- BT Panorama
- eXpand
- Firstwrap
- Hub24
- Macquarie Wrap
- Mason Stevens
- MLC Navigator/Wrap
- Netwealth
- Powerwrap
- Praemium
- Rhythm
- mFund code: RLM02

## PORTFOLIO

### ESG RISK LIMITS

Sector	Direct Exposure	Direct Limit		
Fossil Fuels	0.0%	0.0%	0.0%	2.5%
Non-Renewable & Nuclear Energy	0.0%	0.0%	0.0%	2.5%
Alcohol	0.0%	0.0%	0.0%	2.5%
Gambling	0.0%	0.0%	0.0%	2.5%

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