# REALM SHORT TERM INCOME FUND

**MAY 2026**

## 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
**Inception Date:** 21.12.2017
**Fund size:** AUD $3.96 billion
**APIR Codes:**
Ordinary Units - OMF3725AU
**Management Costs (Net of GST):**
Ordinary Units – 0.3075%

Zenith RECOMMENDED

5 Highly Recommended Lonsec Research

## NET PERFORMANCE

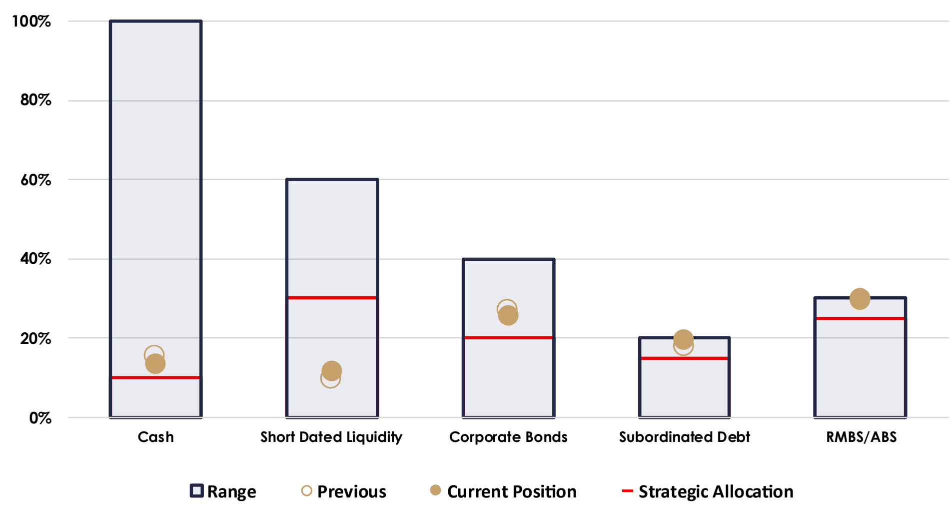
| Period | Short Term Income Fund* | RBA Cash Rate Return* |
|---|---|---|
| 1 Month | 0.53% | 0.36% |
| 3 Month | 1.23% | 1.02% |
| 6 Month | 2.27% | 1.92% |
| 1 Year | 5.08% | 3.79% |
| 3 Year p.a | 6.10% | 4.10% |
| 5 Year p.a | 4.49% | 3.00% |
| Since Inception p.a* | 3.78% | 2.13% |

## FUND STATISTICS

| | |
|---|---|
| Running Yield | 5.89% |
| Yield to Maturity | 5.67% |
| Volatility† | 0.33% |
| Interest rate duration | 0.10 |
| Credit duration | 1.37 |
| Average Credit Rating | A |
| Number of positions | 620 |
| Average position exposure | 0.14% |
| Worst Month* | -0.26% |
| Best Month* | 0.72% |
| Sharpe ratio∂ | 4.53 |

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

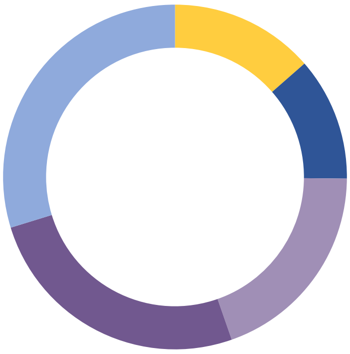
## SECTOR ALLOCATION



# REALM SHORT TERM INCOME FUND

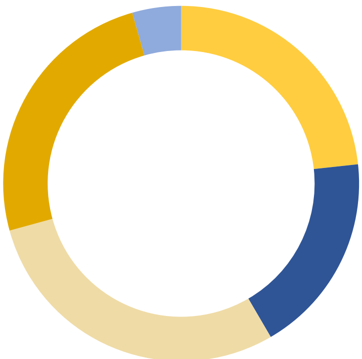
**MAY 2026**

## PORTFOLIO COMPOSITION



- Cash (13.57%)
- Short Dated Liquidity (11.58%)
- Sub Debt (19.50%)
- Corporate Bond (25.60%)
- RMBS & ABS (29.75%)

## CREDIT DURATION PROFILE



- At Call to 6 Months (23.27%)
- 6 Months to 1 Years (18.33%)
- 1 Years to 2 Years (29.13%)
- 2 Years to 3 Years (24.84%)
- 3 Years to 3.5 Years (4.43%)

## FUND UPDATE

Credit markets rallied further in May amid optimism around US-Iran peace negotiations.

The Realm Short Term Income Fund returned 0.53% net of fees, outperforming the RBA Cash Rate (0.36%). RMBS/ABS and Corporate Bonds were the main contributors to this month's outperformance.

The portfolio's aggregate settings were little changed over the month and retained overweights to Corporate Bonds, Subordinated Debt and RMBS/ABS, with some rotation out of Corporate Bonds and into Subordinated Debt on relative value considerations. Cash holdings were reduced slightly though remain above benchmark. The portfolio's yield to maturity remained steady at 5.67%.

Expectations for RBA hikes have eased following downside surprises in labour market and inflation data. At month end, markets were pricing that the RBA cash rate will rise to around 4.5% by December. Nonetheless, this still provides a relatively high base level for cash and so the likelihood of recording a negative return over the next six months is remote.

Overall, the portfolio is conservatively postured as we navigate through this period of volatility. With cash at above-benchmark levels, the portfolio is well-positioned to take advantage of trading opportunities should they arise. Additionally, the Fund's performance is expected to be assisted by optimal roll-down positioning.

## PORTFOLIO POSITIONING

↓ Cash and Short dated liquidity decreased slightly from 25.19% to 25.15%. Liquidity is maintained meaningfully high as part of core strategy and due to the heightened geo-political events and concerns, cash allocation was modestly increased.

# REALM SHORT TERM INCOME FUND

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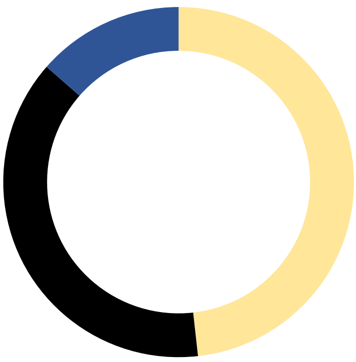
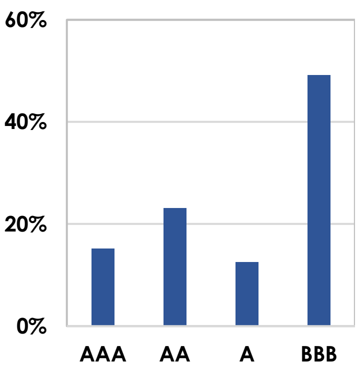
## ISSUER DOMICILE



- Australian/NZ Domiciled Issuer (48.24%)
- Foreign Domicilied Issuer (38.20%)
- Cash (13.57%)

## CREDIT QUALITY




## PORTFOLIO

## ESG RISK LIMITS

| Sector | Direct Exposure | Direct Limit | Indirect Exposure | Indirect 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% | 0.00% | 2.5% |
| Gambling | 0.0% | 0.0% | 0.0% | 2.5% |

**Interest Rate Duration Position:**

→ 0.10 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 futures yield ended the month 20bps lower at 4.49% and with a relatively modest trading range of 20bps. Government bond yields retraced in May as growth and geopolitical risks came into focus. An unexpected rise in Australian unemployment to 4.5% highlighted the risk to the domestic labour market, while reports of progress in US Iran talks reduced inflation expectations and risk premia. The RBA's expected hike, coupled with a data dependent pause, anchored front end yield expectations.

**Corporate & Subordinated Debt Allocation:**

↑ Increased from 44.9% to 45.1%. Overall, the net increase was skewed towards subordinated debt over senior bonds. Risk reduction within the corporate bond sector was skewed towards foreign issuers in USD assets, based on relative value opportunities over the month. 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. Net divestments were skewed towards financials due to conditions and opportunities in the market. Credit spreads globally continued its tightening trend over the month, buoyed by reports of US-Iran truce talks. Australian credit spreads underperformed (remained stable) while US and European spreads tightened meaningfully. The most notable driver of tightening credit spreads were reports of US and Iran signing a memorandum of understanding to extend the ceasefire, leading to a decrease in oil prices and inflation expectations. Subordinated credit spreads also were influenced by the risk-on sentiment and the fund increased allocations over the month on a nominal basis. The short, conservative nature of the sector and diversification aided in cushioning the intra-month market volatility.

# REALM SHORT TERM INCOME FUND

REALM INVESTMENT HOUSE

**MAY 2026**

## PLATFORM AVAILABILITY

- Australian Money Market
- AMP North
- Asgard
- BT Panorama
- CFS Edge
- IOOF Pursuit/Expand
- Macquarie Wrap
- Mason Stevens
- Netwealth
- HUB24
- Powerwrap
- Praemium
- uXchange
- Xplore Wealth

## OTHER FUND DETAILS

**Responsible Entity:** One Managed Investment Funds Ltd

**Custodian:** State Street Australia Limited

**Unit Pricing and Unit Price:** https://www.realminvestments.com.au/our-products/realm-short-term-income-fund/

**Residential Mortgage-Backed Securities (RMBS) & ABS:**

→ Allocation to RMBS & ABS remained in line at 29.75%. As at month end, the allocation remained at a AA- average credit rating and maintains a short weighted credit duration of 1.52 years.

Securitisation markets entered a quieter phase in June, with primary issuance activity pulling back following the higher supply seen in May. The slowdown was largely calendar-driven — the global securitisation conference in June has prompted issuers to accelerate transactions in May ahead of the event rather than risk competing for investor attention during the conference window. Senior spreads edged slightly wider over the month, reflecting the volume of supply absorbed during the period. Secondary market tone remained broadly stable, with no notable shift in investor positioning or appetite. Investment and sub investment grade stock remains well oversubscribed in public markets Overall, market conditions remained constructive, with the June pause setting up a larger pipeline into the second half of the year as the conference circuit clears and attention returns to new issuance.

With respect to market performance, The latest S&P SPIN Index data for April shows prime arrears increased 1bp to 0.79%, while non-conforming arrears also increased 5bps to 3.47%. April data for autos showed arrears increasing 6bps to 1.39% from the preceding month. Across all collateral segments, performance metrics continue to outperform broader market expectations and remain favourable relative to long-term historical benchmarks.

**Targeted risk across the Fund:**

→ Targeted risk remained stable at 0.47%. Meanwhile, realised standard deviation is at 0.33%. This has remained stable over the short term due to consistent mark to market valuations and the nature of the high-quality assets within the portfolio. The portfolio remains defensively positioned but despite this, the fund has performed relatively well over the last 12 months, delivering 5.08% 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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## MARKET REVIEW

Risk sentiment continued to improve in May amid growing optimism around US-Iran peace negotiations.

The S&P 500 rose 5.1% over the month, supported by robust tech earnings and AI-related strength. In credit markets, the Bloomberg US Corporate Baa-rated Option Adjusted Spread tightened 9bps to 0.89%. Oil prices retreated, with Brent crude oil falling 19.3% to $92 per barrel. The US dollar rose 0.9%, while gold declined 1.7%.

Global bond yields generally fell over the month as oil prices eased following reports that a peace deal between the US and Iran was imminent. The exception was the US where upside surprises in nonfarm payrolls and inflation data led to Treasury yields finishing higher over the month. Powell's term as Fed chair ended, with Kevin Warsh sworn in as his successor.

In Australia, bond yields fell sharply as economic data was generally weaker than expected. Labour market data for April showed unemployment rising to 4.5% from 4.3%, while April CPI printed softer than expected. Earlier in the month, the RBA hiked rates 25 bps as widely anticipated, but expectations for further hikes have eased following weaker economic data. The 2026/27 Federal Budget was announced and notably included changes to negative gearing and capital gains tax, which may weigh on the outlook for Australia's housing market.


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