REALM SHORT TERM INCOME FUND

REALM INVESTMENT HOUSE

NOVEMBER 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 $2.41 billion
APIR Codes:
Ordinary Units - OMF3725AU
mFunds Units - OMF8160AU
Management Costs (Net of GST):
Ordinary Units – 0.3075%
mFunds Units – 0.3634%

Zenith RECOMMENDED

5 Highly Recommended Lonsec Research

NET PERFORMANCE

Period	Short Term Income Fund	RBA Cash Rate Return
1 Month	0.45%	0.35%
3 Month	1.54%	1.08%
6 Month	3.13%	2.15%
1 Year p.a.	7.12%	4.35%
3 Year p.a	4.68%	3.04%
5 Year p.a	3.73%	1.91%
Since Inception p.a*	3.48%	1.75%

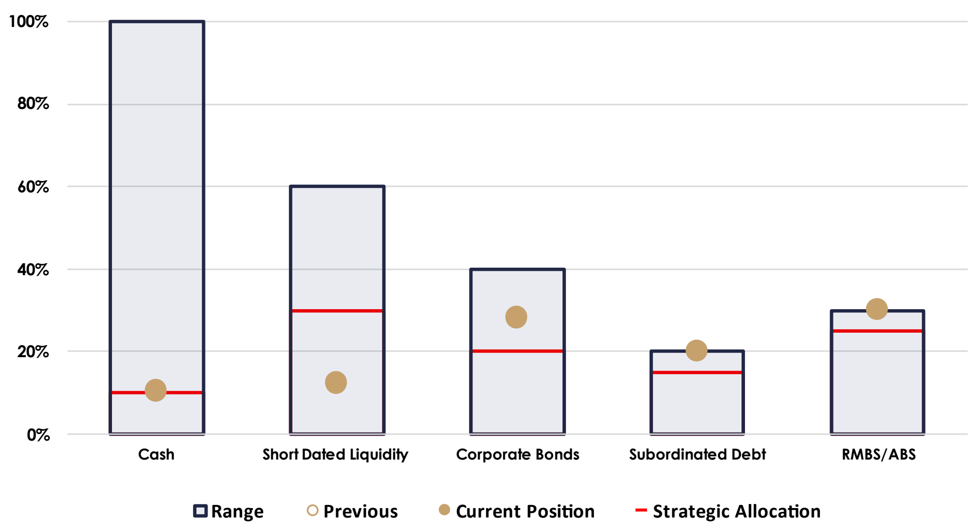
*Past performance is not indicative of future performance. Inception date is 21 December 2017.

FUND STATISTICS

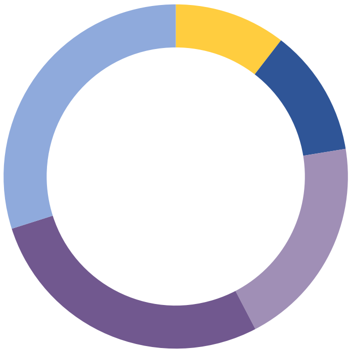
Running Yield	5.63%
Yield to Maturity	5.77%
Volatility†	0.43%
Interest rate duration	0.10
Credit duration	1.49
Average Credit Rating	A
Number of positions	460
Average position exp.	0.14%
Worst Month*	-0.26%
Best Month*	0.72%
Sharpe ratio∂	4.89

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

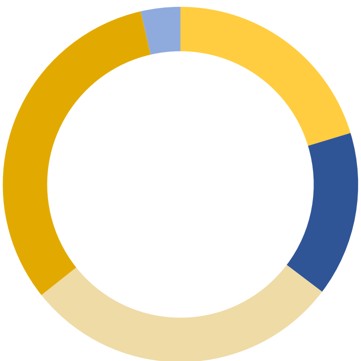


PORTFOLIO COMPOSITION



- Cash (10.47%)
- Short Dated Liquidity (11.96%)
- Sub Debt (19.92%)
- Corporate Bond (27.74%)
- RMBS & ABS (29.91%)

CREDIT DURATION PROFILE



- At Call to 6 Months (20.32%)
- 6 Months to 1 Years (15.00%)
- 1 Years to 2 Years (28.98%)
- 2 Years to 3 Years (32.11%)
- 3 Years to 3.5 Years (3.59%)

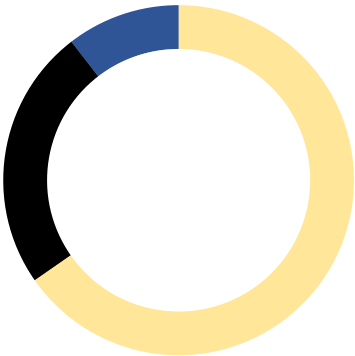
FUND UPDATE

Cash and Short-Term Liquidity Weighting: ↑ Cash and Short dated liquidity increased from 22.15 % to 22.43%.

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 bond yield ended the month 12bps lower, and with a relatively lower month on month trading range of 35bps. The strategy will, as a rule, only take modest interest rate risk.

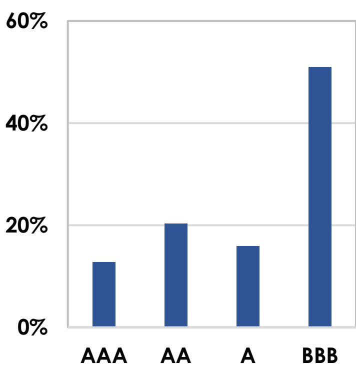
Corporate & Subordinated Debt Allocation: ↑ Decreased from 47.90% to 47.66%. Optimisation within the corporate bond sector was skewed towards foreign issuers in AUD currency yet again due to relative value opportunities over the month. Corporate bonds, traditionally, present modest relative value over bank senior bonds due to the rating differential; and this relative value was maintained over the month. Investments were tilted towards financial paper yet again than corporate bonds due to pockets of opportunity in the market. Corporate sub-sectors weakened slightly over the month of November with an outperformance from USD bonds – the aftermath of the Trump re-election. Credit continues to be well supported due to ongoing investor demand and a healthy global economic backdrop. Subordinated debt optimisation was skewed towards global issuers in major currencies. The short, conservative nature of the sector and diversification aided in cushioning any intra-month market volatility.

ISSUER DOMICILE



- Australian/NZ Domiciled Issuer (65.32%)
- Foreign Domicilied Issuer (24.21%)
- Cash (10.47%)

CREDIT QUALITY



PORTFOLIO

ESG RISK LIMITS

Sector	Direct Exposure	Direct Limit	Indirect Exposure	Indirect Limit
Fossil Fuels	0.1%	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%

Residential Mortgage-Backed Securities (RMBS) & ABS: → Allocation to structured credit remained steady at 29.91%. As at month end, the portfolio maintained an A+ average credit rating and a relatively short weighted credit duration of 1.79 years.

Structured credit markets saw a slight tightening over the course of the month, with new transactions beginning to slow into year end and the holiday period. All transactions continue to be very well bid, receiving between 3-5x bids over the amount of available stock across a variety of transaction types, including prime, non-conforming and auto issuance. Secondary markets continue to be well bid in mezzanine (A-BBB rated) tranches and junior mezzanine (sub investment grade) tranches of the capital structure, with investors continuing to prefer to hold stock for running yield rather than sell.

With respect to market performance, Prime arrears as reported by S&P's SPIN index for October improved 3bps to 0.87%. Nonconforming arrears improved 12bps to 3.89%. Arrears on auto loans as reported by S&P improved 14bps to 1.17%. All results remain strong in comparison to both market expectations and historic index levels.

Targeted risk across the Fund: → Targeted risk remained steady at 0.67%, reflecting the optimisation within portfolio limits. Meanwhile, realised standard deviation is at 0.43%. This has remained stable over the short term due to consistent mark to market valuations. The portfolio remains defensively positioned although despite this, the fund has performed relatively well over the last 12 months, delivering 7.12% 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
- CFS Edge
- Expand
- HUB24
- Macquarie Wrap
- Mason Stevens
- MLC Navigator/Wrap
- Netwealth
- Powerwrap
- Praemium
- Rhythm
- mFund code: RLM02

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/

FUND OUTLOOK

The Fund achieved a return of 0.45% which exceeded the 0.35% from RBA Cash.

The portfolio's settings were little changed over the month and retains overweights to structured, subordinated and corporate debt as it targets the highest forecast returns achievable within the established parameters. Exposures to foreign issuers are most prominent in the subordinated debt sector and these positions continue to grow.

Although expectations for the first cut in the RBA cash rates have been brought forward to April, and approximately two more cuts are presently expected in this easing cycle, the likelihood of recording a negative return over the next six months is remote. Despite tight spreads on offer by the market, which will make it more challenging to achieve medium term targets, the Fund's performance is expected to be assisted by optimal roll-down positioning. Additionally, profit generation is also expected to arise from trading which is driven by our relative value process.

Realm's investment approach also benefits from market volatility, which increases dispersion in the relative value across and within asset classes. There are a wide range of stress points presently visible in the economy and geopolitical arena, not to mention stretched valuations in financial markets. Should any of these ruffle the credit markets, the opportunity to create value improves.

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