

# REALM STRATEGIC INCOME FUND ENDURING UNITS

DECEMBER 2022

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:**

31 January - \$40,000,000

### Pricing & Reporting

**Frequency:** Monthly

**Inception Date:** 21.2.2020

**Fund size:** \$438m

**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
- First Wrap
- Hub24
- Macquarie Wrap
- Netwealth
- Powerwrap
- Praemium
- Xplore Wealth

 Zenith

RECOMMENDED

## NET PERFORMANCE

Period	Enduring Units	RBA Cash Rate Return
1 Month	0.67%	0.26%
3 Month	1.96%	0.71%
6 Month	3.52%	1.15%
1 Year	5.62%	1.28%
2 year p.a	5.74%	0.69%
Since Inception p.a*	5.80%	0.56%

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

## FUND STATISTICS

Running Yield	9.32%
Yield To Maturity	9.32%
Volatility†	0.49%
Interest rate duration	0.05
Credit duration	0.98
Average Credit Rating	BBB
Number of positions	138
Average position exposure	0.84%
Worst Month*	0.28%
Best Month*	0.84%

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

## GROSS RUNNING YIELD\* 9.32%

\*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.

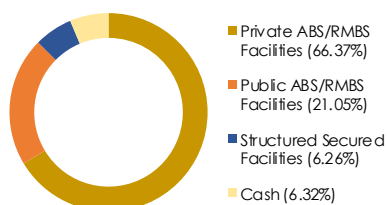
## FUND WITHDRAWAL WINDOWS

The next withdrawal window will be closing at 5pm AEDT on 31 January. We are accepting redemption requests for up to \$40,000,000 (about 9% of fund assets). The fund holds 27.37% in cash and marketable securities. Further details will be posted on our website. See the link on page 3.

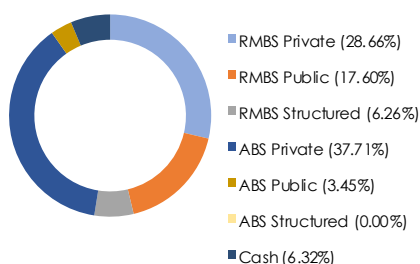
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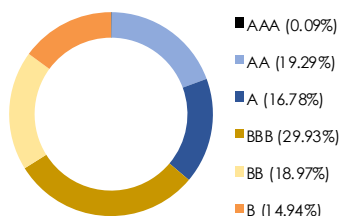
## PORTFOLIO COMPOSITION



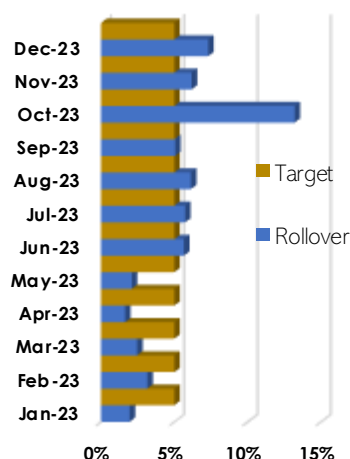
## COLLATERAL TYPE



## CREDIT QUALITY



## ROLLOVER VS TARGET



## FUND UPDATE

The portfolio is invested across a range of Private ABS/RMBS Facilities (66.37%), Public ABS/RMBS Facilities (21.05%) and Structured Secured Facilities backed by loans (6.26%). The weighted average credit rating of the portfolio sits at BBB, a weighted credit duration of 0.98 years and a pre fee running yield of 9.32%.

The Realm Strategic Income Fund closed three new trades over the month, and was able to successfully reprice two currently funded facilities at higher yields for a further period. This contributed to increases in both the funds' running yield and yield to maturity. This continues to be compounded by increases to the Reserve Bank of Australia's overnight cash rate target and subsequently BBSW, **resulting in an increase to the funds gross running yield from 9.12% to 9.32% as at month end**, while also maintaining a weighted average credit rating of **BBB (investment grade)**.

Allocation to Public Securities increased slightly, driven by the strong relative on offer into year end. However, Private facilities that were documented over the month are expected to be funded over the coming weeks, which will result in an increase in Private Asset allocation. Private markets continue to exhibit strong relative value, presenting better yields for investors whilst providing stronger protections through documentation & covenants. The funding pipeline for new deal flow remains very healthy, with a significant amount of transaction flow available for the investment team to pick through. We anticipate this transaction flow will continue to support the portfolios running yield.

## PORTFOLIO RISK ANALYSIS

**Housing Market Performance;** Australian residential property values declined 1.2% over the month of December as reported by the CoreLogic 5 capital city property index. The index fall was again broad based across most Australian property markets, led by both Sydney and Brisbane housing markets which fell 1.7%, and 1.5% respectively.

Clearance rates for the month of December remained around November levels, with auction volume beginning to slow into year end as buyers and sellers depart for the holiday period. Buying remained weak across both owner occupiers and investors over the month of November, with new lending indicators for both cohorts falling 3.8% and 3.6% respectively.

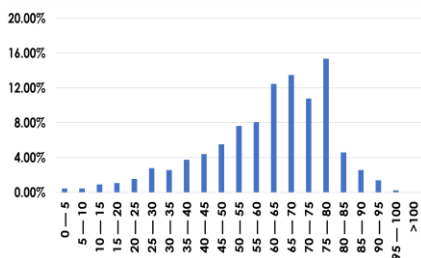
In terms of sector performance, arrears within the system remains low and our outlook for the strategy remains constructive.

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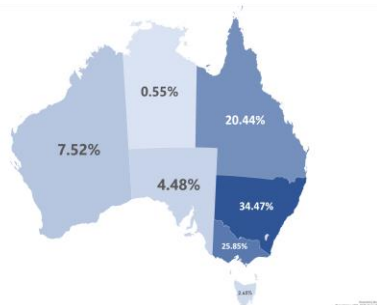
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## WEIGHTED AVERAGE PORTFOLIO LVR



## 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/realm-strategic-income-fund-enduring-units/>

**Liquidity Window Notice:**  
Limited Withdrawal Offer  
– January 2023

## TRANSACTION AND MARKET FLOW

**Market Update;** Public structured credit market yields continued to trade in line with the previous month, as primary issuance slowed and secondary market activity was relatively quiet into the Christmas break. Both private and public market yields remain wide relative to historic yield levels and continue to lag the tightening experienced by other credit markets, making current market levels look very attractive compared to other asset classes on a relative value basis. This, combined with the good liquidity that was witnessed in the Australian market as offshore desks tried to sell stock in October, has begun to attract foreign demand into the asset class, with Australian broking desks reportedly selling good volumes of stock back to offshore clients over the course of the month.

**Private Assets;** Private market yields continue to be significantly higher than public market yields. This continues to be driven primarily by the increase in funding capacity required by the sector, as both Regional banks and Non-bank lenders opt to increase funding headroom in private assets rather than issue into volatile public markets. Asset quality remains high, with very strong protections in the form of covenants embedded in the documentation for each transaction.

**Portfolio Pipeline;** The private deal flow funding pipeline continues to grow and the fund continues to capitalise on the transaction flow. A further twelve high quality proposals are currently being assessed, with an additional three facilities being documented in December, two of which were also funded. The investment team will continue to use this pipeline to assist the fund in meeting its stated return outcome, whilst accommodating unitholder demand.

## HOUSING ARREARS & PORTFOLIO PERFORMANCE

Portfolio arrears weakened to 0.88% for the month of December. Transactions within the portfolio continue to perform significantly better than expectations and continue to be monitored closely.

S&P's Prime market arrears Index (SPIN) remains at very low levels relative to historic averages, with the prime index weakening slightly to 0.65% for the month of November. Non-conforming arrears also weakened slightly, rising to 2.66%. Both data series remain very strong in comparison to historical arrears levels.

## REALM INVESTMENT HOUSE CONTACTS

### DISTRIBUTION

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