

# REALM STRATEGIC INCOME FUND ENDURING UNITS

JANUARY 2024

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:**

29 February - \$100,000,000

### Pricing & Reporting

**Frequency:** Monthly

**Inception Date:** 21.2.2020

**Fund size:** \$1.07b

**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
- Mason Stevens
- Netwealth
- Powerwrap
- Praemium
- Xplore Wealth

## NET PERFORMANCE

Period	Enduring Units	RBA Cash Rate Return
1 Month	0.85%	0.36%
3 Month	2.49%	1.07%
6 Month	5.08%	2.10%
1 Year	10.24%	3.98%
2 year p.a.	8.06%	2.75%
3 year p.a.	7.29%	1.86%
Since Inception p.a.*	6.98%	1.47%

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

## FUND STATISTICS

Running Yield	10.97%
Yield To Maturity	10.88%
Volatility†	0.11%
Interest rate duration	0.04
Credit duration	0.87
Average Credit Rating	BBB
Number of positions	216
Average position exposure	0.44%
Worst Month*	0.28%
Best Month*	0.88%

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

## GROSS RUNNING YIELD\* 10.97%

\*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

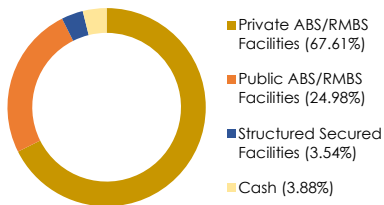
The next withdrawal window will be closing at 5pm AEDT on 29 February. We are accepting redemption requests for up to \$100,000,000 (about 10% of fund assets). The fund holds 28.85% in cash and marketable securities. Further details will be posted on our website. See the link on page 3.



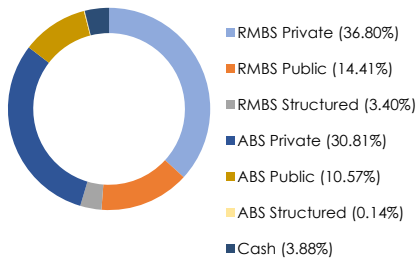
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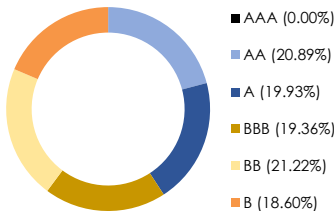
## PORTFOLIO COMPOSITION



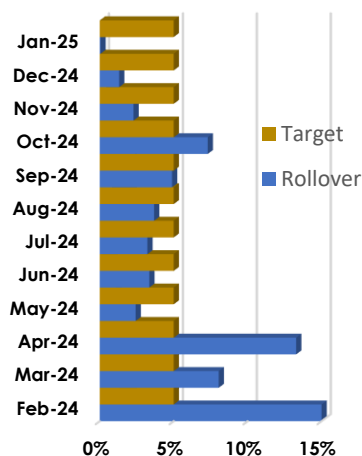
## COLLATERAL TYPE



## CREDIT QUALITY



## ROLLOVER VS TARGET



66% of the fund will rollover into cash in the next 12 months.

## FUND UPDATE

The portfolio is invested across a range of Private ABS/RMBS Facilities (67.61%), Public ABS/RMBS Facilities (24.98%) and Structured Secured Facilities backed by loans (3.54%). The weighted average credit rating of the portfolio sits at BBB, a weighted credit duration of 0.87 years and a pre fee running yield of 10.97%.

The month of January saw the Realm Strategic Income Fund close two new trades, with several others due to be completed over the coming months. The fund recorded a **gross running yield of 10.97% as at month end, while maintaining a weighted average credit rating of investment grade (BBB).**

While the relative value in private markets continues to be substantially higher than public markets, the tightening in spreads in public assets this month provided a small tailwind to performance. Private markets continue to exhibit substantially higher yields and better risk mitigation through agreed covenants and other structural protections.

The number of new potential transactions within the funds pipeline remains high, with new transactions entering the screening and due diligence stages over the month through reverse enquiry. The strategy will continue to pick through trades exhibiting the best relative value to support the portfolios running yield.

## PORTFOLIO RISK ANALYSIS

**Housing Market Performance;** Australian residential property values increased a further 0.4% over the month of January, as reported by the CoreLogic 5 Capital City aggregate property index. While Melbourne lost 0.1%, all other capital cities saw gains, led once again by Perth and Adelaide housing markets, increasing 1.6% and 1.1% respectively. Sydney increased 0.2%, again led by housing (+0.3%), while units increased 0.1%. Melbourne losses were led by units (-0.3%) while houses remained flat. Across the other capital cities, free standing houses continue to lead the increase (up 0.5%) over units (up 0.2%).

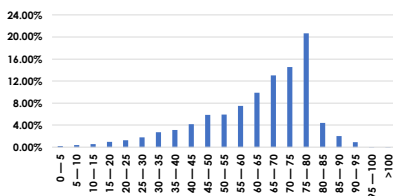
Low auction volume was recorded over the month, as buyers and sellers were away for the holiday period. Housing finance data saw seasonally adjusted new lending falling 4.1% for the December observation, which now represents a yearly percentage change of +11.7%. New lending was weaker across both owner occupiers (-5.6%) while investors decreased 1.3% over the month.

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

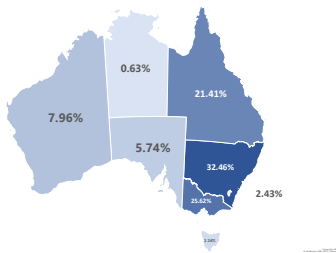
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## WEIGHTED AVERAGE PORTFOLIO LVR



## GEOGRAPHIC EXPOSURE



## OTHER FUND DETAILS

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

**Custodian:** State Street Australia Limited

**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 – Feb 2024

## TRANSACTION AND MARKET FLOW

**Market Update;** Structured markets continued to rally over the course of January, in line with other credit markets. This was further exacerbated by the limited supply, as new dealflow remained very limited into the end of the holiday period, resuming with new mandates in late January. As a result, secondary markets remain overbid and continue to trade very tight relative to primary spreads.

**Private Assets;** Private transaction spreads continued to tighten over the month in line with the rally in public markets. Yields for private assets remain very wide of public assets, and continue to offer investors better protections through covenants. The portfolio continues to perform well, with all funded transactions well within the agreed covenants and parameters imposed on issuers.

**Portfolio Pipeline;** New funding requests remain high for the fund. Six facilities are currently within the final stages off documentation and funding, with several others remaining in the due diligence pipeline. In addition, a further twenty one high quality opportunities remain within the screening and assessment stages of the investment process. This pipeline will continue to be utilised to accommodate unitholder demand and assist the fund in meeting its stated return outcome.

## HOUSING ARREARS & PORTFOLIO PERFORMANCE

Portfolio arrears increased slightly over the month to 1.66%. Arrears continue to perform well within expectations, and continue to be monitored closely.

Prime arrears as reported by S&P's SPIN index for November improved 1bps to 0.91%. Nonconforming arrears also improved to 3.65%. Both results remain strong in comparison to both market expectations and historic index levels.

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#### DISTRIBUTION

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