

# REALM STRATEGIC INCOME FUND ENDURING UNITS

JULY 2023

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 August - \$70,000,000

### Pricing & Reporting

**Frequency:** Monthly

**Inception Date:** 21.2.2020

**Fund size:** \$662m

**Benchmark:** RBA Cash Rate

**Buy/Sell:** 0.20%/0.00%

**APIR Codes:** OMF5868AU

**Management Fees:** 0.99% Net of GST

## PLATFORM AVAILABILITY

- AMP North
- 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	0.86%	0.34%
3 Month	2.48%	0.99%
6 Month	4.91%	1.84%
1 Year	8.92%	3.17%
2 year p.a.	7.01%	1.71%
3 year p.a.	6.71%	1.18%
Since Inception p.a.*	6.49%	1.07%

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

## FUND STATISTICS

Running Yield	10.78%
Yield To Maturity	10.74%
Volatility†	0.36%
Interest rate duration	0.04
Credit duration	0.78
Average Credit Rating	BBB
Number of positions	174
Average position exposure	0.55%
Worst Month*	0.28%
Best Month*	0.86%

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\* 10.78%

\*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.

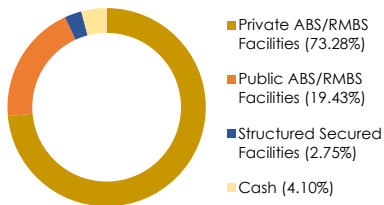
## FUND WITHDRAWAL WINDOWS

The next withdrawal window will be closing at 5pm AEST on 31 August. We are accepting redemption requests for up to \$70,000,000 (about 10% of fund assets). The fund holds 23.53% in cash and marketable securities. Further details will be posted on our website. See the link on page 3.

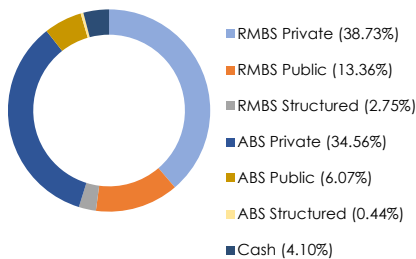


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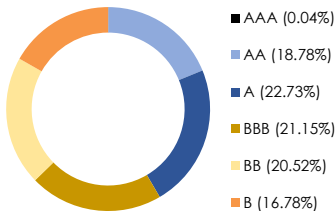
## PORTFOLIO COMPOSITION



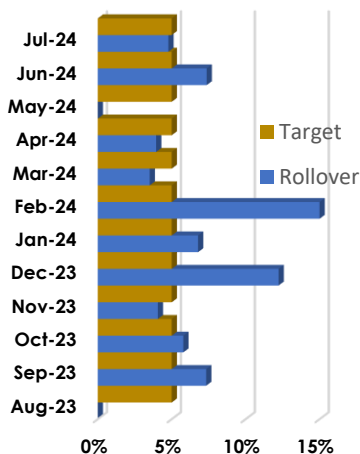
## COLLATERAL TYPE



## 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 (73.28%), Public ABS/RMBS Facilities (19.43%) and Structured Secured Facilities backed by loans (2.75%). The weighted average credit rating of the portfolio sits at BBB, a weighted credit duration of 0.78 years and a pre fee running yield of 10.78%.

The month of July saw the Realm Strategic Income Fund closed one new trade, and repriced one facility at higher yields for a further period. The funds **gross running yield increased to 10.78% as at month end, while maintaining a weighted average credit rating of BBB (investment grade).**

The weighting to public securities increased slightly from last month as the fund awaits the settlement of two new private facilities. These securities continue to be managed within a band as required for liquidity. Private markets continue to exhibit greater relative value than public markets, with investors continuing to receive higher yields and substantially better protections.

Reverse enquiries for new mezzanine funding opportunities remains very high, with issuers continuing to look for long term stable funding partners to support growth away from public markets which have exhibited volatility. The strategy continues to pick through trades exhibiting the best relative value, and will continue to utilise this transaction flow to support the portfolios running yield.

## PORTFOLIO RISK ANALYSIS

**Housing Market Performance;** Australian residential property values continued to increase over the month of July, rising 0.9% over the month as reported by the CoreLogic 5 Capital City aggregate property index. This month, increases were driven by the Brisbane and Adelaide markets (each increasing 1.4%), with free standing houses leading the increase (up 0.9%) over units (up 0.7%).

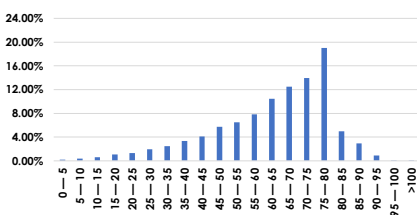
National average clearance rates trended slightly upwards over the month, closing just under 75% in July. Housing finance data showed new lending falling 1% over the June period, preliminary driven by the fall in new lending to owner occupiers (-2.8%). Lending to Investors rose 2.6%.

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

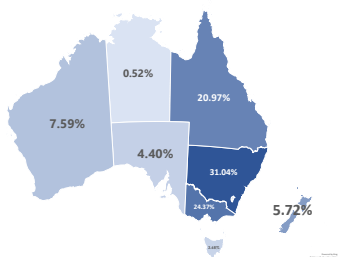
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## WEIGHTED AVERAGE PORTFOLIO LVR



## GEOGRAPHIC EXPOSURE



## OTHER FUND DETAILS

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

**Custodian:** 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  
– Aug 2023

## TRANSACTION AND MARKET FLOW

**Market Update;** Public structured credit market yields began to tighten over the month of July, with reports of a strong offshore bid returning to the market. This was especially prevalent in the senior portions of the capital structure in prime transactions, with the bid tightening credit margins across the sector. Tighter yields continue to make transaction more economic for issuers, leading to a substantial amount of primary deal flow looking to price in markets over the next month, including several regional bank trades, along with both prime and non-conforming RMBS.

**Private Assets;** Private yields remained relatively stable over the last month, and continue to remain a more stable funding source for many issuers. Private market supply continues to remain elevated, driven by public market volatility. Markets continue to present a high amount of reverse funding enquiries for stable mezzanine partners. Each funded transaction continues to perform in line with expectations, and each maintains a conservative levels of headroom against all required covenants and agreed parameters.

**Portfolio Pipeline;** The private deal funding pipeline remains very healthy. A series of new opportunities were added to the due diligence pipeline over the month of July. Seventeen high quality proposals are currently being assessed, while three are within the documentation process and expected to be closed imminently. 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 continue to track well within expectations for the portfolio, improving 16bps over the month to 1.20%. Transactions within the portfolio continue to perform better than expectations and continue to be monitored closely.

Prime arrears as reported by S&P's SPIN index improved 3bps over the month of June to 0.97%. Nonconforming arrears also improved by 16bps to 3.47%. Both results remain very strong in comparison to both market expectations and historic index levels.

### REALM INVESTMENT HOUSE CONTACTS

#### DISTRIBUTION

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JULY 2023

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