

REALM STRATEGIC INCOME FUND ENDURING UNITS

REALM INVESTMENT
HOUSE

JULY 2022

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 - \$20,000,000

Pricing & Reporting

Frequency: Monthly

Inception Date: 21.2.2020

Fund size: \$340m

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
- Xplore Wealth

NET PERFORMANCE

| Period | Enduring Units | RBA Cash Rate Return |
|------------------|----------------|----------------------|
| 1 Month | 0.44% | 0.11% |
| 3 Month | 1.06% | 0.19% |
| 6 Month | 2.02% | 0.22% |
| 1 Year | 5.12% | 0.27% |
| 2 year | 5.63% | 0.20% |
| Since Inception* | 5.51% | 0.22% |

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

FUND STATISTICS

| | |
|---------------------------|-------|
| Running Yield | 7.02% |
| Yield To Maturity | 7.13% |
| Volatility† | 0.35% |
| Interest rate duration | 0.05 |
| Credit duration | 1.03 |
| Average Credit Rating | BBB |
| Number of positions | 118 |
| Average position exposure | 0.78% |
| Worst Month* | 0.28% |
| Best Month* | 0.84% |
| Sharpe ratio ² | 10.93 |

Calculated on Enduring Units unless otherwise stated. *Since Inception 21 February 2020. †Trailing 12 Months Calculated on Monthly observations. ²Since Inception Calculated on Monthly observations

GROSS RUNNING YIELD* 7.02%

*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 \$20,000,000 (about 6% of fund assets). The fund holds 28.34% in cash and marketable securities. Further details will be posted on our website. See the link on page 3.

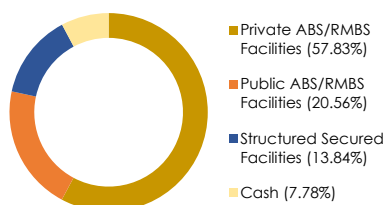
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RECOMMENDED

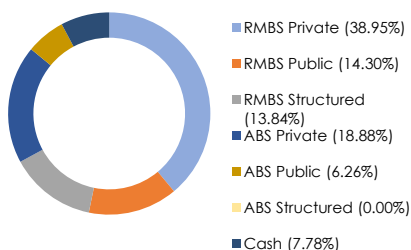
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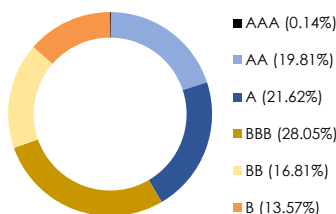
PORTFOLIO COMPOSITION



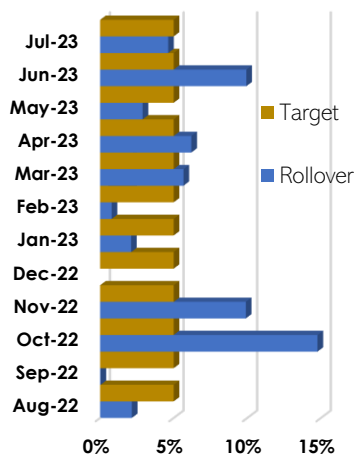
COLLATERAL TYPE



CREDIT QUALITY



ROLLOVER VS TARGET



FUND UPDATE

The portfolio is invested across a range of Private ABS/RMBS Facilities (57.83%), Public ABS/RMBS Facilities (20.56%) and Structured Secured Facilities backed by loans (13.84%). The weighted average credit rating of the portfolio sits at BBB, a weighted credit duration of 1.03 years and a pre fee running yield of 7.02%.

The Realm Strategic Income Fund funded several new trades over the course of the month, which increased the funds running yield and yield to maturity. This continues to be compounded by increases to the cash rate, and subsequently BBSW, resulting in an increase to the fund's running yield from **6.53% to 7.02%** over the month, while maintaining a weighted average credit rating of BBB. The portfolio strategically reduced the allocation to public securities, which were marked wider over the month. Private markets continue to present both a better yield and current outlook in relative value terms. The fund will look to complete funding of several new private facilities which are currently within final stages of the due diligence pipeline over the next month, which we anticipate will continue to increase the portfolios running yield.

PORTFOLIO RISK ANALYSIS

Housing Market Performance; Australian residential property values declined 1.4% over the month as reported by the CoreLogic 5 capital city property index. The index fall was driven predominately by the Sydney and Melbourne property markets, which fell 2.2% and 1.5% respectively, with Brisbane also recording a fall of 0.8%. The remaining capital cities on the other hand, with the exception of Hobart, recorded small gains in their respective indexes.

Clearance rates finished the month at around 60%, which was slightly higher than last month. Opportunistic buyers are beginning to emerge, while sellers asking price expectations are reducing.

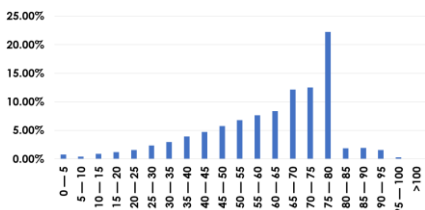
In terms of performance of the sector, arrears within the system remain at historical lows and our outlook for the strategy remains constructive.

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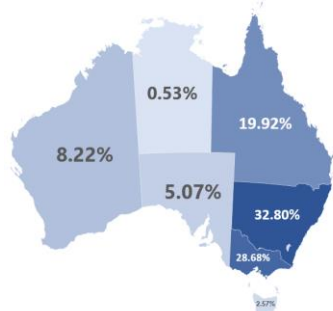
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REALM INVESTMENT
HOUSE

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:

<https://www.realminvestments.com.au/wp-content/uploads/Realm-Limited-Withdrawal-Offer-Notice-Aug22-1.pdf>

TRANSACTION AND MARKET FLOW

Market Update; Public structured credit markets continued to widen over the course of the month. New primary activity remained relatively muted as issuers opted for increases in private capacity, rather than issuing into term markets at relatively expensive levels. Secondary market flow was quiet, with senior markets (AAA rated) remaining weak as higher yields in international markets reduced demand for bonds onshore. Middle mezzanine markets (A and BBB rated) weakened further, having lagged the widening experienced by other credit sectors, while sub-investment grade yields remained relatively stable.

Private Assets; The number of opportunities in private funding grew significantly over the course of the month. This benefited the yield available in this section of the market. This allowed the fund to pick through a wide range of opportunities. The yields available on the private middle mezzanine (A/BBB rated) portfolio continue to offer over twice the yield of public securities with the same credit rating and better protections through documentation and covenants. The relative value on offer by private markets continues to display significant value against public markets.

Portfolio Pipeline; The funding pipeline grew significantly over the course of the month as issuers chose to increase private capacity rather than issue programs into public markets at expensive levels. The fund was able to capitalize on this transaction flow with five new facilities moving through to the documentation and funding portions of our screening pipeline. A further ten high quality proposals are currently being assessed. 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 improved 10 basis points to 0.57% for the month of July. Transactions within the portfolio continue to perform significantly better than expectations and be monitored closely.

S&P's Prime market arrears Index (SPIN) remains at very low levels relative to historic averages. The prime arrears index improved 6bps for April and a further 2bps for May to 0.65%. Non-conforming arrears also improved, with a 7bp movement over April and a further 10bp move for the month of May to an index record of 2.24%. We continue to view current market conditions as benign from a risk perspective.

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